S. HRG. 100-822, PT. 1

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

H.R. 4867

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF THE INTERIOR AND RELATED AGENCIES, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1989, AND FOR OTHER PURPOSES

Part 1—(Pages 1-1133)

Department of Education
Department of Energy
Department of Health and Human Services
Department of the Interior
Institute of Museum Services
National Capital Planning Commission
National Endowment for the Arts
National Endowment for the Humanities
Pennsylvania Avenue Development Corporation
Smithsonian Institution
U.S. Holocaust Memorial Council
Woodrow Wilson International Center for Scholars

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, FEBRUARY 25, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senator Reid.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

STATEMENT OF M.J. BRODIE, EXECUTIVE DIRECTOR

ACCOMPANIED BY ALEXANDER K. MILIN, DIRECTOR OF FINANCE

OPENING REMARKS

Senator REID. The subcommittee will come to order. This is the time scheduled for the Interior and Related Agencies Appropriations Subcommittee to hear testimony from administration witnesses on the fiscal year 1989 budget requests for the Pennsylvania Avenue Development Corporation, National Capital Planning Commission, and the Holocaust Memorial Council.

This is the subcommittee's first meeting this year; and, speaking for the chairman, Senator Byrd, the schedule promises to be very busy with some 38 agencies testifying during 20 days of hearing. Our ability to complete the workload promptly and to proceed to a timely markup of the Interior appropriation bill late this spring will require the cooperation of all of the subcommittee, every agency, and the leadership.

We may be able to get some help from the leadership. I wanted to make everyone aware of our schedule because it is important that this committee complete individual appropriation bills promptly this year. And, it will require a joint effort to do so. Thank you very much.

As it relates to the Pennsylvania Avenue Development Corporation, which will be the first agency testifying this morning, the testimony will be by Mr. M.J. Brodie. The Corporation's fiscal year 1989 budget request is $5,448,000, a decrease from last year of $68,000 below the amount appropriated for the current fiscal year. This decrease is associated primarily with the reduction of two full-time equivalent staff-years.

In addition to their budget request, the Federal Triangle Development Act directs the General Services Administration to transfer $4.5 million in 1988 to the Corporation for preparation of a development plan and selection of a developer for the major undeveloped site on the southside of Pennsylvania Avenue between 14th Street and the avenue. These funds will be spent over a 4-year period beginning this year.

PREPARED STATEMENT

Mr. Brodie, welcome before the subcommittee. We have your prepared statement which will, in its entirety, be inserted in the record.

[The statement follows:]

STATEMENT OF M.J. BRODIE

Good morning, Mr. Chairman and members of the subcommittee. I am Jay Brodie, Executive Director of the Pennsylvania Avenue Development Corporation. I appreciate the opportunity to be here today to discuss the Corporation's fiscal year 1989 budget request and, at the same time, report to you on our progress in achieving the objectives of the master plan for the Pennsylvania Avenue project area. Alexander K. Milin, Director of Finance, joins me today at the witness table.

The Corporation is now in the final 5 years of its planned 15-year program of revitalizing Pennsylvania Avenue with new real estate development on the squares of the project area and new parks, plazas, and sidewalks. Over $1.2 billion in new commercial, retail, and residential development has been completed or committed on the blocks to date, stimulated by an investment of public development funds of $120 million and Corporation assistance with site assembly for development projects it approves. Additional private investment will be occurring between fiscal year 1988 and fiscal year 1992, the program's planned completion date, as PADC works closely with prospective developers to complete the residential community it has nurtured, preserve noteworthy historic properties or facades, and bring about complementary commercial land uses on the squares.

The proposed fiscal year 1989 budget of $5,448,000 will provide the Corporation with the necessary salary and administrative funds and public development activity funds to continue the physical improvement process, both on the squares and in the public spaces, that is a principal objective of the master plan for Pennsylvania Avenue. The budget request consists of $2,353,000 for salaries and expenses and $3,095,000 for public development. The salaries and expenses appropriation request will require additional authorizing legislation. The Office of Management and Budget is preparing a draft bill to be forwarded to the Congress in the near future.

The Corporation is not requesting additional land acquisition borrowing authority, even though it will be purchasing properties on at least two project area squares in fiscal year 1989. Revenues from the sale and lease of real estate will be used for this purpose.

The salaries and expenses request of $2,353,000 is needed to support a staff size of 32 positions, on a full-time equivalent basis, and fund associated administrative expenses. The requested budget is $163,000 less than that appropriated for the same purpose in fiscal year 1988, reflecting a planned reduction in staff size from 34 to 32 positions and the expectation that other savings can be accomplished.

The public development request of $3,095,000 is needed for public improvements, historic preservation, and relocation payments to businesses displaced by development on the blocks. The public improvements component of this request is $1,769,000, which will be utilized for the first phase of construction of a sidewalk on the Pennsylvania Avenue side of the FBI Building, the study of and design for improvements needed on Sherman Park, directly south of the U.S. Treasury Building at 15th Street and Pennsylvania Avenue, the hiring of construction management and engineering contractors, and public space programming. A historic preservation budget of $800,000 is needed for continued restoration funding of the landmark building facades on the F Street side of

square 406 and restoration and facade relocation activities on a number of buildings on square 457. A budget of $526,000 is needed to pay the additional business relocation expenses that PADC expects to incur as it proceeds in fiscal year 1988 and fiscal year 1989 to purchase real estate on squares 407 and 457.

In addition to the square and public area activities which approval of the fiscal year 1989 budget will make possible, the Corporation will be managing a number of ongoing public improvements and square development projects in the budget year. Foremost among the latter are four projects in the eastern project area which, together, will result in 965 residential units. The staff has and will continue to be working closely with developers of these approved projects, as they move from the final design stage through the final day of construction. The Corporation's plan to move forward with development on square 457 this summer means that it is moving closer to the master plan's objective of creating a residential community of a minimum of 1,200 residential units. Achievement of this objective will mean that the Pennsylvania Avenue will be more than just a newly rebuilt corridor having visual appeal; it also will have a significant function after working hours and on weekends because of the round-the-clock presence of a sizable populaton of residents. The creation of a real community, with a variety of complementary land uses—including residential—remains the goal of the Corporation's efforts in the eastern project area, and I pledge our continued efforts in this regard.

I urge the subcommittee's support of the Corporation's fiscal year 1989 budget request of $5,448,000.

INTRODUCTION OF ASSOCIATE

Senator REID. After you introduce your associate or anyone else that is with you today that you want to introduce, if you would summarize your statements, we will proceed to some questions that we have.

Mr. BRODIE. Thank you, Mr. Chairman. And, good morning. I am Jay Brodie, the Executive Director of the Pennsylvania Avenue Development. On my right is Al Milin, our Financial Manager. And, I wanted to be sure to bring you greetings, because he is out of the country, from Henry Berliner, Jr., our Chairman, who said if I saw you to please pass on his cordial greetings to you and his apologies for not being able to be here with us.

I would just like to make a few points rather than reread the testimony that you basically have in front of you. We are entering, you might say, the home stretch in revitalizing Pennsylvania Avenue. This has been not a short effort, not a sprint, but a marathon. But, we are getting there with your help and the support of successive administrations and the Congress.

REMAINING 5 YEARS' PROGRAM

Our focus, in what we plan to be the last 5 years of our corporate existence, before we report back to the Congress and hopefully inform you that our mission has been accomplished is to continue to work on creating the residential neighborhood east of the FBI Building, which has been one of our chief goals and probably one of our most difficult.

I brought a map with me to point to just one or two quick things. The FBI—shown on Nos. 378 and 379—is roughly halfway between the Capitol and the White House.

The emphasis is the squares to the east of the FBI; Market Square, 408 and 432, is now under construction with the first housing units.

Piles are being driven right as we are meeting here today. That will have 225 housing units.

And, we now have under contract three other sites, two of which will proceed this year and one next. One of two that will proceed this year will be the former Lansburgh's Department Store site, on square 431. That will have about 369 units, a development that was awarded to a first-rate development team last spring. The second will be the second phase in square 459 of a development that really began at 6th and Pennsylvania a few years ago, with an office building. The second phase will have 170 housing units as well as additional office space.

And, those three developments will be followed by a square 407 development which will have both an office block facing the FBI Building and two housing towers along 8th Street amounting to 201 housing units. Those four developments together equal approximately 1,000 units of our goal—our minimum goal, in the plan—of 1,200.

Mr. Berliner has stated that it is his personal objective to try to get as close as we can to the 1,500 housing units that were the original goal.

Now, along with that we have been doing a consistent, we believe, high quality construction of public improvements. We want to continue to do that. And, in effect, it's our promise of public expenditure which has then brought to this date a commitment of $1.2 billion of private investment in the avenue.

FISCAL YEAR 1989 REQUEST

In the fiscal year at which we are looking, at 1989, we are proposing to do some renovation of Sherman Park, that is, or to do the study which will then lead to its renovation, of the park just south of the Treasury and just west of Pershing Park, Pershing and Sherman being somewhat of a pair.

There is no intention to tear up the General Sherman statue or tear down the magnificant trees which are there. But, the pathways, the irrigation system, the curbs and gutters, have all deteriorated severely. We asked the National Park Service if they were able to proceed to bring this up to a standard of the rest of the avenue. They said they could not and asked us if we would put this in our budget request through OMB and to the Congress.

So, we would be prepared to do the study looking toward construction in fiscal 1990.

A second major piece is the sidewalk in front of the FBI Building, to go back to that edifice. The FBI Building and its sidewalk were both done, as they say in the Navy, before our watch. We had nothing to do with them.

And, unfortunately the pavers, the tree grates, the lights, and all the appurtenances were done and are wholly different than what has been accepted as the standard for the rest of Pennsylvania Avenue, both its north and south side. In addition to the difference, the elements have begun to deteriorate, particularly the pavers.

We think, as we are moving from west to east, it's the appropriate time—and OMB after some discussion of this agreed—to go back and do the FBI Building sidewalk; that is, its Pennsylvania Avenue side, not the 9th and 10th and E Street sides; we would simply leave those alone. But, to use the same pavers, the same tree grates, the same lights and the same street furniture to give it a consistent appearance throughout the avenue. And, of course, replace the deteriorated pieces.

Another section of our fiscal year 1989 request is conventional salaries and expenses. As you pointed out, two less positions are proposed because we hope to keep lean as we are progressing in this home stretch in terms of staff.

Some historic preservation money is requested to enable us, again on the east side, to do a first-rate historic preservation job on a row of fine but very deteriorated buildings in square 406 facing the Portrait Gallery and some miscellaneous buildings on square 457 on the east side of 7th Street.

We will be buying some property in those squares. We don't ask for additional funds to do that, because we have those funds from past years and from anticipated revenues.

So, with that quick summary, Mr. Chairman, I would be delighted to answer any questions. And, again we appreciate your support in the past and look forward to the approval of this request.

RESIDENTIAL HOUSING

Senator REID. Tell me a little bit—refresh my memory about these housing units.

Mr. BRODIE. Of course.

Senator REID. Who will live in them?

Mr. BRODIE. Well, people who will apply and be able to afford them. What we have done, and what Congress asked us to do, was not apply to HUD or other Federal programs for a massive subsidy, but to try to use our various powers to encourage housing at a competitive market rate.

We have done that in several ways. So, the classic urban dweller that we expect to be living here will be living in a one plus—that is, a one bedroom with a den or a one bedroom with a den convertible to a bedroom, some two-bedrooms, some studios or efficiency units. They will probably range in size, as designed, from as low as 600 square feet to above 1,000.

And, the prices anticipated by developers would be—this is, as the developers would express it, in terms of starting a little over $1 a square foot a month. That is, they would open up with rentals but designed with the condominium regime in place so they could be spun off as condominiums in a future date.

So, just to make the arithmetic easier for me, if it's an 800 square foot one-bedroom unit at $1 a month, there will be an $800 cost per month for that unit. That would be a fairly typical situation.

STAFF LEVEL

Senator REID. I understand you are requesting two less staff. How do you expect to achieve this, through attrition or will these positions move over to be funded from the transfer from GSA?

Mr. BRODIE. No; we would see that through attrition. And, we have informed our staff that as certain segments of our activity, the public improvement segment particularly, is decreasing in emphasis, that as people leave we would not fill some of those positions.

So, we are comfortable with that staff level.

Senator REID. Your justification requests $50,000 for other than full-time positions. The funds would be used to hire temporary employees——

Mr. BRODIE. Right.

Senator REID [continuing]. And to pay the intermittent salary costs of the board. Your actual 1987 costs for this purpose, as I understand it, is about $17,000.

Why have these costs gone up as much as indicated?

Mr. BRODIE. Well, there is some flexibility in there depending on what type of person to fill what type of position at what salary level would be hired. And, OMB has agreed that it is wise to give us that flexibility with a staff as small as ours.

Mr. Milin, would you like to add to that?

Mr. MILIN. Just for the sake of mentioning that we have tried in the past, in 1987 and 1986, to hire temporary employees rather than permanent position employees pursuant to OMB's and the Office of Personnel Management's directive, because the cost to the Federal Government is that much less expensive if you are hiring temporary employees. You don't have some of the benefits to pay.

And, we attempted to do that in fiscal year 1987 as well, but without success. We find that the people who we are interested in having join our staff to fill our vacant positions are more interested in permanent positions. So, consequently we are not able to use the temporary funds that have been appropriated in the past to the extent that they have been approved.

On the other hand, in 1988 and 1989 I think we will once again make the effort to fill positions with temporary employees. But, it's a measure of the market as to whether or not we will be successful and use the budgeted funds.

Senator REID. You know, this is happening all over the Government. And, from what I've been able to understand, you are not able to get good employees generally for obvious reasons.

Is that true in your instance? You don't need to say anything bad about your temporary employees, but certainly it would seem to me it's more difficult to get a high caliber employee on a temporary basis.

Mr. BRODIE. It is not easy, but periodically, particularly in the architect and engineer line there is a senior person who may be ready to retire or—this is an actual case—who is retired from a full-time job, is interested in what we are doing, is very good. In fact, is an expert as we

would see him or her, and is willing to come along for a limited period of time and is very helpful to us.

So, it's that kind of person, not a young person starting a career, typically that we would make use of.

OTHER ADMINISTRATIVE EXPENSES

Senator REID. Your budget shows a reduction of $40,000 odd dollars in personnel benefits.

Mr. BRODIE. Right.

Senator REID. How much of that relates to the reestimate of retirement benefits?

Mr. BRODIE. Mr. Milin, would you?

Mr. MILIN. Approximately $20,000 of that reduction represents—is represented by the reestimate.

Senator REID. Does the Corporation have more funding than is required for 1988 benefits? Or, do you know?

Mr. MILIN. I don't believe we do, Senator. I think that is the figure we will need.

Senator REID. This is the first hearing we have had this year, and it's interesting to note that you haven't requested an increase for telephones or for postage. Yet, both these costs are going up.

What is the reason for that?

Mr. MILIN. Well, we think that given the extent of our use of both we should be able to spend no more than we have in the past few years. Our cost line hasn't increased appreciably in the past couple of years.

And, so we are going to try to stick to the level that we've operated on in the past. But, there may very well be some increases. And, OMB is aware of this. And, they are—again, as Mr. Brodie said—they are giving us some flexibility to move on this, from one budgeted item to another, to cover these increases.

Senator REID. You have $25,000 for new equipment. Do you know what you are going to buy?

Mr. MILIN. Yes.

Senator REID. Do you want to enumerate a few?

Mr. MILIN. Well, yes. We have added computer work stations to our staff function as the need has demanded. And, we have in 1987, in fact, changed our word processing system. We have spent approximately $50,000 to bring in a network, a personal computer network.

We are finding that as we hire more staff—and this includes professional staff as well—it's useful and helpful to the staff to add a computer work station from time to time. A typical work station might cost as much as $7,000.

So, we anticipate that we will be adding two or three work stations in 1988 and 1989.

Senator REID. Your budget includes a 13.5-percent increase for rental of office space. Upon what do you base that estimate?

Mr. BRODIE. Well, we have a contract in the building in which we are located at 1331 Pennsylvania Avenue. It's tied to the Consumer Price Index. And, that's in anticipation of increases in the index to try to be safe about it.

If that does not happen, as in past years, at the end of the year we would simply return the money if we don't need to utilize it.

PUBLIC IMPROVEMENTS' REQUEST

Senator REID. OK. In the testimony you gave, you talked about the sidewalks in front of the FBI Building.

Mr. BRODIE. Right.

Senator REID. You were going to do that, and it would cost a lot of money.

Mr. BRODIE. Yes.

Senator REID. What about the FBI, are they going to help with that?

Mr. BRODIE. No.

Senator REID. Why is that?

Mr. BRODIE. The FBI is, as many agencies, one of the clients of the General Services Administration, GSA. And, we have talked both to the previous Director, Mr. Webster and we have not yet talked to Judge Sessions although we will, about what might be done in the whole environs of the FBI

But, in terms of capital improvements, they have not had any funds either to do the sidewalk, they have basically been trying to just stay afloat on keeping the building in good repair. And, that has been about all they can handle.

Senator REID. Is it in good repair?

Mr. BRODIE. Fair.

Senator REID. Your budget includes $729,000 for continuation of construction management, civil engineering, landscape design and related services——

Mr. BRODIE. Right.

Senator REID [continuing]. At ongoing projects. Could you list for us—and you can do it at a subsequent time—the specific projects and the dollar amounts associated to make up this figure?

Mr. BRODIE. We could, indeed. It's a little too complex for me to try to do it from memory.

[The information follows:]

PROJECTS REQUIRING CONSULTING CONTRACTS

Most of the $729,000 requested is needed for construction, management, and civil engineering services, and frequently both contractors work in concert on PADC public improvements projects. In fiscal year 1989, the construction manager will be overseeing construction of the northern part of Market Square Park, which has purposely been left unimproved until the development of the commercial and residential project there is well underway. The construction manager will also supervise completion of construction of the sidewalk in front of the Evening Star Building, which is being renovated at this time; the installation of pedestrian light stands on the sidewalks throughout the length of Pennsylvania Avenue; the installation of crosswalk pavers on Pennsylvania Avenue; and consult with the contractors doing design studies for Sherman Park and

the replacement the sidewalk in front of the FBI Building (if approved for fiscal year 1989). The civil engineering contractor will be involved in the same projects, to resolve subsurface, foundation and electrical problems that often occur during the construction of any improvement project. Additionally, the civil engineering firm will be required to consult with the designer of the FBI sidewalk improvements and the Sherman Park improvements.

In a similar fashion, the landscape architectural firm will be called upon to resolve any problems that arise as the installation of pedestrian lights proceeds in fiscal year 1989.

At this time, PADC estimates that the construction management contract will be $400,000, the civil engineering contract $200,000, and the landscape architectural contract and other contracts will require the balance of the requested $729,000.

HISTORIC PRESERVATION REQUEST

Senator REID. That will be fine. For historic preservation, the budget is $800,000, a reduction considerably from the 1988 appropriation.

What high priority projects will you not be able to do because of this reduction?

Mr. BRODIE. Well, I have to interpret the question a little here. The fact that there is a reduction is simply arithmetical; that is, depending on what activities we would see in a given year, the number might have gone up or down. So, we don't see it as a reduction in an ongoing effort.

Because of the finite amount of projects that we have, each time we ask for an appropriation it is very much specific to a particular project. We simply didn't have a project in that amount in the last year.

In this case, the blocks that are—the buildings, excuse me, that face the Portrait Gallery—we can show you in a bit more detail [pointing to a map]. This is one of the major historic preservation challenges left to us. And, we had a previous appropriation in part for this block.

Frankly, I was not satisfied with the level of detail that we had gone into. And, so with one of our consultants we went back and really surveyed meticulously the internals of these buildings. They may look good to you from this distance, Mr. Chairman, but in the field they have gotten extremely deteriorated. And, inside they are essentially wood joist buildings like a common house structure from the 19th century.

They meet no present fire code. They will have to be brought up with sprinkler systems carefully done. And, they are a hodge-podge of additions and alterations. So, to really do a first-rate historic preservation job, which they warrant, we are asking for this.

The minority of that additional money would be for this square. The remaining funds are—we don't have pictures of the other buildings in square 457, but they are relatively small in size but proportionately large in terms of the appropriation request.

FEDERAL TRIANGLE/INTERNATIONAL AND CULTURAL TRADE CENTER PROJECT

Senator REID. On one of the other committees that I sit, we have had a lot to do with the Federal Triangle International and Cultural Trade Center. As you know, Senator Moynihan has pushed this considerably.

The Federal Triangle Development Act requires the submission of a development proposal for this 11 acres that will be developed.

And, some technical things. Has GSA transferred title to the site yet?

Mr. BRODIE. No, they have not transferred title. We really didn't need that up front. We will need it at a point in time to make sure that there is no legal problem with that.

But, they are prepared to do that when necessary.

Senator REID. Have they transferred the $4.5 million yet?

Mr. BRODIE. Not all of it. They have transferred the $800,000, which was the first piece that the act required by November 1, 1987.

And, they have said that as needed there is no problem in transferring the remainder.

Senator REID. Will the proposal be completed by August of this year?

Mr. BRODIE. Mr. Chairman, it's our intention to beat that date. We plan to have the proposal for your review and having gone through NCPC, the National Capital Planning Commission and Fine Arts, so that we are up here with that package by June of this year.

Senator REID. We are concerned about there being no comingling of the $4.5 million that GSA is going to transfer and the appropriations recommended by the subcommittee. And, you will make sure that there is no comingling?

Mr. BRODIE. We agree with you absolutely. And, we will make sure there is no obfuscation of which funds go to which project.

Senator REID. How much have you budgeted to prepare the Federal Triangle Development Act proposal?

Mr. BRODIE. The proposal to be forwarded to the Congress this summer will be the product of the efforts of PADC staff and various consultant firms; among many tasks we are preparing design guidelines, assessing vehicular parking alternatives, preparing construction cost estimates, and undertaking subsurface and security investigations. All of these studies interrelate; together they shape the physical and economic characteristics proposed for the new structure. The cost of these consultant contracts is expected to be approximately $800,000.

Senator REID. Would you prepare a breakdown of the costs you expect to incur in fiscal year 1988 and fiscal year 1989 against the $4.5 million transferred from GSA?

Mr. BRODIE. We expect to obligate approximately $1,600,000 in fiscal year 1988 and $1,200,000 in fiscal year 1989. Most of these obligations represent contracts with professionals in the fields of civil engineering, design, construction management, and economic-financial analysis. These professionals will assist PADC in fiscal year 1988 in the preparation of the development proposal for the site. In fiscal year 1989, these firms will assist PADC in evaluating—from all perspectives—the submissions of developers vying for selection, through the compeitition which will be held at the beginning of fiscal year 1989. After the selection of the developer, PADC will require some of these contractors to evaluate the architectural and engineering drawings as they are prepared by the developer and to ensure that the design and cost ele-

ments of the proposal, as approved by the Board of Directors, are adhered to. Therefore, we expect that the $4.5 million sum will be obligated over a multiyear period, extending through fiscal year 1989 to fiscal year 1992.

A small portion of the $1.6 million obligated in fiscal year 1988 and $1.2 million obligated in fiscal year 1989 will consist of personnel costs, as PADC employs no more than eight additional staff members and rents office space to assist the core staff of PADC in carrying out its responsibilities under the Federal Triangle Development Act.

COMPLETION OF THE PROGRAM

Senator REID. Under your current schedule, you hope to be able to tell Congress in 1992 that the Corporation has basically completed its work. Do you think you can make that?

Mr. BRODIE. Right now, we are quite on that schedule. There are obviously acts of God or the prime rate which may affect a developer being able to move forward, as they did some years ago. But, without those unforeseeable things, yes, we are on that schedule.

POSTPROGRAM RESPONSIBILITIES

Senator REID. What other responsibilities would remain after 1992?

Mr. BRODIE. Well, our hope is to be able to tell you at the end of fiscal 1992 that everything within that mapped area [pointing] has either been constructed, brought up to a renovated standard or is underway so there is a contractual commitment for the developer to go ahead, and that all of the public improvements, all the parks and open spaces and streets and sidewalks, are done.

At that point, we have—and you have—some interesting issues, what we would call succession issues——

Senator REID. Like who collects the rent?

Mr. BRODIE. Yes.

Senator REID. Do we know that now?

Mr. BRODIE. No; we don't. We have put together some thoughts, sent them to OMB for a first cut. And, our Chairman is prepared at our March meeting—only a few weeks away—to appoint a subcommittee of the Board to start a really formal study of all the aspects, the maintenance, the inevitable requests for additions and alterations to buildings, for amendments to the plan, for collection of the rents, which is not a simple process because we are, in effect, partners in the Willard and National Place and several other smaller projects requiring an audit, more than just a simple acceptance of a check.

And, we will be making proposals to the Congress and, of course, we will look for your guidance.

Senator REID. As you prepare those studies, will you keep the subcommittee informed?

Mr. BRODIE. Absolutely.

DIVESTITURE OF REAL ESTATE

Senator REID. Do you have plans to divest any of your real estate assets this year?

Mr. BRODIE. The Corporation's Board is giving consideration to the idea of selling certain land that is leased to a development entity on a long-term basis, because current market conditions enhance real estate value. However, the Board of Directors has not committed the Corporation to the disposition of any of its real estate at this time.

OFFICE OF MANAGEMENT AND BUDGET REVIEW

Senator REID. Does OMB review and even edit your written responses to questions that this subcommittee poses to you in connection with appropriation hearings?

Mr. BRODIE. OMB reviews PADC's written responses to the subcommittee's questions in connection with appropriation hearings. Occasionally, OMB will edit the response we initially prepare.

Senator REID. I will report to Senator Byrd that the hearing went well. We appreciate very much your testimony.

Mr. BRODIE. It's a pleasure to be with you, sir.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. We may have some additional questions, and if we do we will submit them to you in writing.

Mr. BRODIE. Fine.

Senator REID. The staff has informed me that Senator McClure has some questions, and we will get those to you as soon as we can.

Mr. BRODIE. Right. We will be responsive.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Question: The budget request for FY 1989 indicates a reduction of $158,000 (-12 percent) from the FY 1988 enacted level for full-time permanent employees. Two fewer full-time equivalents will allow for part of the decrease with the remainder coming from projected savings accomplished by lapses in refilling permanent positions as they become vacant.

I understand the objective of the Corporation to complete its mission by the end of 1992, but can the Corporation function efficiently at this lower level?

Can you elaborate on the projected savings stemming from lapses in refilling positions?

Answer: The Corporation will be adequately staffed for its FY 1989 responsibiilties with 32 positions. The decline in 2 positions from its staff level of 34 positions in FY 1989 will not affect the Corporation's plan to complete its program by 1992.

The Corporaton's monthly cost for direct payroll expenses will be just over $100,000 in FY 1989. The Salaries and Expenses budget assumes that average savings of $5,000 each month for 12 months of the fiscal year will be achieved through staff turnover.

Question: You have requested $1,769,000 in 1989 for Public improvements. Of this amount, $750,000 is for the first phase of the rebuilding of the FBI sidewalk on Pennsylvania Avenue. These funds would be used for engineering and procurement of materials such as pavers, tree grates and sidewalk furniture. Another $750,000 is necessary in FY 1990 for actual construction work itself.

Why are you proposing to purchase the furniture and the tree grates before the construction?

Can you explain why the FBI sidewalk needs to be changed?

Why wasn't it built to PADC standards initially?

Answer: The sidewalk furniture, tree grates, light stands, and related material installed along both sides of Pennsylvania Avenue are specially designed and fabricated to PADC specifications. Accordingly, the items that will be installed in front of the FBI Building will require fabrication or manufacture to these specifications, so that they must be ordered well in advance of the start of construction in order for the construction schedule not to be delayed.

The construction of the FBI Building's sidewalk pre-dates PADC; there was no PADC funding involved.

The FBI Building's Pennsylvania Avenue sidewalk is totally different from all the other sidewalks PADC has constructed on the north and south sides of the Avenue. Its appearance is incompatible with the appearance of the other sidewalks on every other block facing the Avenue. In addition, the present sidewalk is deteriorating. The Corporation believes strongly that the FBI Building's sidewalk should be rebuilt now to be consistent with the total Avenue improvement design.

Question: An additional $190,000 has been requested in FY 1989 for design and engineering surveys for the renovation of Sherman Park. It is anticipated that the necessary $1 million for actual construction will be requested in future years.

What are you planning for the Sherman Park?

What is the National Park Service's response to this proposal?

Answer: The Corporation will undertake a survey of existing conditions at Sherman Park and review a consultant's recommendation for rehabilitation of the park. We have witnessed in recent years the deterioration of various elements of the park, including cracking of paving, landscaping deficiencies and damage to the statue of General Sherman. From the results of the study, which will be funded by the $190,000 requested, the Corporation will propose a course of action to upgrade the park which, tentatively, is expected to be in the $1 million range.

The National Park Service is well aware of the need for upgrading the park, and has written PADC a letter suggesting improvements that are needed. While the National Park Service supports enhancing the various elements of Sherman Park, it has written PADC stating it does not have any funds for this purpose, and supports PADC's efforts to accomplish the necessary work.

Question: Another increment of the Public Improvement request is for $100,000 for "programming" of the public spaces of Pennsylvania Avenue. These funds are proposed to be used to sponsor or co-sponsor events with groups during weekends, evenings or at noontime.

What restrictions do you put on the private sector to provide for these events?

What will these funds provide for the Avenue that wasn't provided in FY 1988?

Answer: The Corporation requires all potential users (public as well as private) of its parks and plazas to apply for a permit. There are no other PADC restrictions. Most events scheduled for the parks and plazas are funded entirely by the sponsor, with no cost to PADC.

The Corporation has received numerous requests to sponsor, in whole or in part, and on evenings and weekends, as well as during the workday, events which are beneficial in attracting attenton to Pennsylvania Avenue, consistent with the Plan's objective of making the Avenue a lively, vibrant place. Prior to FY 1988, PADC's very small amount of donated funds made it difficult to contribute to such a program. With approval of a similar amount in FY 1988 as is being requested in 1989, the Corporation now has the flexibility to share in the expense of staging appropriate concerts, festivals and similar events. In short, there will be more events and activities, more diverse in character and of high quality, appropriate to this special setting in the center of the nation's capital.

Question: $1.0 million was provided in FY 1988 for major restoration of landmark properties on Square 406 located in the 800 Block of F Street. Unfortunately, PADC has found that this is not enough and a total of $1.6 million will be neces-

sary to properly restore the properties. Another $200,000 has been requested in FY 1989 for this work with the remaining $400,000 to be requested in FY 1990.

How much of the $1.0 million appropriated in FY 1988 is expected to be utilized in FY 1988?

Why has the estimate gone from $1.0 million to $1.6 million?

Answer: Although the Corporation has had discussions with numerous developers interested in Square 406 (a square in which PADC has no current ownership), it appears at this point that PADC may not be in a position to commit any of the $1 million previously appropriated for these historic properties during FY 1988. However, the availability of this amount has in large part stimulated this developer interest, for without this historic preservation funding assistance it would be impossible for a private developer to construct an economically feasible project on this square, incorporating the F Street properties.

The estimated cost has increased from the prior estimate because the Corporation has undertaken a complete, detailed analysis of the work necessary to be accomplished on these properties. Prior to this, PADC's historic preservation estimate was based on general unit costs, not precise enough for the subject structures.

Question: The Corporation has not requested any additional funds for land acquisition in FY 1989. Instead, funds will be generated by a combination of available borrowing authority and cash generated by the sale and lease of real estate.

Can you outline your land acquisition plans in FY 1989?

What is your available borrowing authority?

Please elaborate on the specifics of the cash expected to be generated from the sale and lease of real estate?

Answer: The Corporation will be acquiring

three parcels of land or air rights on Square 407 so that a developer who owns most of the developable area on the square can proceed with a commercial and residential project already approved by the PADC Board of Directors. On Square 457, PADC will be purchasing numerous parcels of real estate so that it can move forward with this site in the next six months. A major project, to include a minimum of 250 housing units, is planned for this site. At this point in time, the Corporation expects the acquisition process to span both FY 1988 and FY 1989, so that some properties on both squares will likely be purchased in FY 1989.

PADC's available borrowing authority is $23.7 million.

The Corporation expects $27 million in revenue from sales or leases in FY 1988. Property to be sold on Square 408 will yield approximately $14 million; property on Square 431--the old Lansburgh's Department Store Building and adjoining sites--will produce an additional $10 million in sale revenue. Another $3 million is expected from short and long term leases, $2.1 million of which will be forthcoming from a ground lease rent at National Place, between 14th and 15th Streets on Pennsylvania Avenue. In FY 1989, the Corporation again expects $3 million in lease revenue, with most resulting from the National Place lease.

NATIONAL CAPITAL PLANNING COMMISSION

STATEMENT OF GLEN T. URQUHART, CHAIRMAN

ACCOMPANIED BY:

REGINALD W. GRIFFITH, EXECUTIVE DIRECTOR
ROBERT E. GRESHAM, ASSISTANT EXECUTIVE DIRECTOR FOR OPERATIONS
CAROL P. MULLIS, ADMINISTRATIVE OFFICER

PREPARED STATEMENT

Senator REID. The subcommittee will now turn to the National Capital Planning Commission.

Mr. Glen Urquhart is Chairman of the Commission and will testify on behalf of the fiscal year 1989 budget request. That request totals $2,962,000, which is an increase of some $14,000 over the current year.

We welcome you to the subcommittee. We have your prepared remarks which will be made a part of the record.

[The statement follows:]

STATEMENT OF GLEN T. URQUHART

Mr. Chairman and members of the committee. This last year the Commission—which is the central planning agency for the Federal Government in the National Capital region—served as the lead agency for the preparation of an environmental assessment of the $1 billion PortAmerica project in Prince Georges County. PortAmerica is becoming one of the real success stories on how the public and private sectors can work together to bring about much needed development consistent with sound public policy.

I am sure you know we didn't exactly start out that way. But as we worked together a feeling of good will and trust developed between us. The developer and the Federal agencies increasingly showed a willingness to bring to a successful conclusion a project that will not only be a major asset to Prince Georges County, but to the entire Washington area, as well. A decision on the environmental assessment is expected by next month.

Work was also started on a sector plan for the Monumental Core. It will be the first study of the Mall since the McMillan plan of 1902. Although it probably won't be complete until the fall, it is far enough along to indicate that some exciting ideas and concepts are taking shape. I am confident that it will be provocative and stimulate a good deal of thought and discussion.

A sector plan is also being planned for the Beltsville area. And the comprehensive plan, which consists of the Commission's planning guidelines and policies, was continually modified in an effort to keep it up to date. One such modification provided for the location of the International Cultural and Trade Center proposed for the Federal Triangle. The completion of the Center, although still in its earliest stages, will signal the conclusion of the development of Pennsylvania Avenue.

The Commission worked closely with the U.S. Holocaust Memorial Council and approved its revised concept plans. NCPC also adopted guidelines and submission requirements for microwave antennas on Federal properties in the region. The purpose is to minimize the visual impacts and reduce any potential safety hazard.

The Commission reviewed the Capital Improvements Program which contains the construction and renovation plans of 16 Federal agencies. This year's amount approximates $2.34 billion. NCPC also reviewed: numerous State and local capital improvement programs; many master and project plans, plan modifications for Federal installations and plans for the development of park, parkways and other open space systems. Many of these projects and functions will continue through fiscal 1989.

But the Commission must do more. It needs a vision of how this unique city of Washington—which serves the whole Nation and affects the entire world—will be shaped, and what its legacy will be for future generations. As planners, we must go beyond the near-future and immediate issues. In so doing we follow the tradition of L'Enfant and others.

Because of the time lag between plans and physical development, planners must look ahead. We must anticipate the long-range requirements of the Federal establishment in this region in terms of facilities, transportation, energy, waste management, environment, telecommunications, et cetera. In the past planners have typically thought in terms of 20- to 25-year horizons. Technological change is occurring at such a rapid rate that its impact on the future will be much more dramatic than in the past. Think of what it means to have information doubling every 2.5 years; that 50 percent of the jobs in 1995 do not exist at the present time: that all the knowledge that we work with today will represent only 1 percent of the knowledge that will be available in the year 2050.

The Commission has consulted with almost two dozen experts and held extensive hearings. As a result, we have been able to develop the first draft of a scenario of what the Federal establishment in this region will be like in the mid-21st century.

Just to give you a capsule summary, we believe the region in 2050 will extend as far north to the Pennsylvania border, east to the Chesapeake Bay and at least as far south as Fredericksburg. The current population of 3.3 million will be up to 7 million in an expanded region. The District of Columbia will be surrounded by urban centers, containing a high percentage of a decentralized Federal work force. Up to one-third of the Federal work force may work substantially at inhome work stations and commuters will be using interchangeable battery/magnetic cars, both relieving commuting pressures.

Superconductivity will give us high speed levitation trains and much faster but smaller computers. Philadelphia and New York will be within commuting distance of Washington. The hypersonic plane will help make the Nation's Capital a truly global city. And more.

In an effort to envision, and to plan for the requirements and impacts of this future on the Federal establishment, the Commission is going to conduct more detailed investigations, hearings, and analyses.

To continue this work, as well as the other activities described, we are requesting $2,962,000 for fiscal year 1989. The amount represents a modest increase over the previous level. This is due to greater personnel costs resulting from statutory pay changes, passage of the new Federal Employees' Retirement System [FERS], higher rent for leased space charged by the General Services Administration, moving costs, and modest increases in reimbursable services provided by other agencies.

The $2,962,000 for salaries and expenses in fiscal year 1989 will provide for a staff of 50 full-time employees, supplies, equipment, rent and administrative services. Given the variety of necessary skills, and recognizing that certain technical specialty areas are already staffed by only one person, we respectfully request that no further cuts in staff levels be made at this time.

Consistent with the spirit and intent of Gramm-Rudman, congressional approval of the $2,962,000 does not involve any new undertakings, but will allow the National Capital Planning Commission to maintain its present lean, efficient but effective, level of operations.

All of the programs in this budget are vital to achieving the Commission's goals and objectives and are consistent with our legislative mandate. Mr. Chairman, this completes my formal remarks. I, as well as my staff, will be happy to answer any questions.

INTRODUCTION OF ASSOCIATES

Senator REID. We would ask you to introduce your associates. And, if you would, rather than read your testimony if you would be kind enough to summarize, that would be appreciated.

Mr. URQUHART. Thank you, Mr. Chairman. We are delighted to be here this morning.

On my left is our Executive Director, Mr. Reginald Griffith; and our Assistant Executive Director, Mr. Robert Gresham; on my right, Carol Mullis, who is in charge of administrative affairs, is also here to support us this morning.

SUMMARY STATEMENT

Mr. Chairman, when I took over as Chairman of the National Capital Planning Commission almost 5 years ago one of my objectives was to help this Federal agency become both more responsive in terms of its duty to the Federal Government as the central planning agency for the Federal Government in the National Capital region, which includes the surrounding counties of Maryland, Virginia, and, of course, the District of Columbia, to help it be more efficient, to produce for the taxpayer more results for the dollars, and also to make it more responsive to the citizens of this region.

As you know, we act, if you will, as the liaison or the intermediary between the Federal Government and State and local governments and citizen organizations and the average citizen. Quite often we are the court of last resort when there are concerns about Federal projects in this region.

I am happy to report to the committee that over a several year period of time, I believe and I think the record demonstrates that our Commission has become both more efficient and more responsive. I would also add, Mr. Chairman, that we have done that by more effective, more efficient, and more streamlining of staff work.

Our staff size has decreased. We are now down to less than one person in each of several different critical areas like transportation expertise or historic preservation expertise. But, we have also been able to utilize the services of other departments of government.

We have gotten very good cooperation from the private sector. A number of developers of projects where we have begun in what appeared to be antagonistic roles have been very cooperative with us, and I think most notably have paid the bill for many of the consulting studies that we needed to have done. And, I think some of them need to be, and should be, applauded for that.

The staff has become more efficient. The Planning Commission has been able to function more as a policy board and be a little bit less bureaucratic in its meetings.

We now sort of raise our heads from that task and ask, are we adequately performing this fundamental and core function which is planning for the Federal Government's future and for the efficient operation in this region. In that regard, I would say that our 1952 Planning

Act, which is the legislation under which we operate, is to some extent at this time obsolete. Or, to put it another way, we have largely accomplished many of the objectives of that act.

As is obvious, when that act was passed in the early fifties the government of the District of Columbia was essentially controlled and operated largely by the Federal Government, and that is an entirely different state of affairs than what we have today. We have a largely autonomous self-governing city in Washington.

And, some of the structures and relationships that were created in 1952 are no longer necessarily appropriate. Also, the Federal establishment was largely focused in the District of Columbia. That's very different today. For reasons of economy and because of improved transportation and telecommunications systems, the Federal Government finds it advantageous to move to outlying areas in the suburban jurisdictions.

NCPC's enabling legislation is somewhat inadequate in this regard, and I want to report to the committee that we are in the process of reviewing that and discussing with local congressional delegations, both Members of the Senate and the House of Representatives, what their interest may be in updating that legislation. So far, we have had substantial interest, and at a later date we would like to report to you on the specifics of that.

FEDERAL TRIANGLE

Senator REID. If we could go directly to the Federal Triangle——

Mr. URQUHART. Yes, sir.

Senator REID [continuing]. What is your role in the Federal Triangle project?

Mr. URQUHART. Well, in general, of course, NCPC has, in lieu of zoning approval authority with respect to Federal projects in the District of Columbia. That is a generalization, but——

Senator REID. Say that again.

Mr. URQUHART. The National Capital Planning Commission has approval authority with respect to Federal projects in the District of Columbia as a generalization. So, with respect to the Federal Triangle, we would have a site plan and, in lieu of zoning approval responsibility.

Senator REID. Do you have any veto authority over proposals for the Federal Triangle?

Mr. URQUHART. I'm sorry, sir. I didn't understand you.

Senator REID. Do you have any veto authority over proposals for the Federal Triangle which may be at odds with the Commission's judgment?

Mr. URQUHART. Let me let the Executive Director answer that specifically.

Senator REID. What if you don't like the site plan they come up with?

Mr. GRIFFITH. Well, Mr. Chairman, what happens is that the—I understand your question to be the development of the International Cultural and Trade Center at the Federal Triangle.

Senator REID. That's right.

Mr. GRIFFITH. There, our function differs because Congress has mandated that we work with the General Services Administration, the Department of State and the Pennsylvania Avenue Development Corporation.

Actually, what happens is that following the development guidelines, which will be formed by these groups working cooperatively, they will be submitted to Congress for Congress' consideration. Following that, then they would be given to developers—at least, a competition between developer/architectural teams.

It's my understanding that that congressional involvement would alter our role to some extent. So, I am not certain if we would have the normal kind of veto that we would on other parts of the Federal Triangle.

Senator REID. Do you think this project will add significantly to your workload?

Mr. URQUHART. It will add to some extent, but I don't think it is beyond our capacity to handle it at all. As I said, we have become more efficient in our meeting process and in our day-to-day operations.

POTOMAC GREENS

Senator REID. Switching now to the Potomac Greens. The subcommittee took an active role in the Potomac Greens project last year. We have required the National Park Service to conduct an environmental impact statement of the proposed interchange and the planned development on the George Washington Memorial Parkway at Daingerfield Island.

Are you going to participate in this? Or, have you?

Mr. URQUHART. We have not yet participated, sir, in the newly mandated environmental impact study. We have just been recently contacted by the Park Service. The Department of the Interior has asked us to meet with them and explore what our involvement would be and how we might participate.

I don't have an answer yet. That meeting has yet to occur. We, of course, would be happy to serve however the Congress wishes in that regard.

Senator REID. Our concern, of course, is to somehow minimize the impact of the project on the Parkway and the scenic and historic value of the area. That is your function.

Mr. URQUHART. We certainly share that concern and have made that point. As the chairman can understand, we are in an unusual position because of the litigation involved with that project and because, to some extent, our hands are tied by an earlier act of the Department of the Interior in the transfer of——

Senator REID. We are going to have to be real careful here, like with the Triangle project and Potomac Greens, that the whole purpose of your agency isn't somehow overshadowed by all of these bits and pieces of law.

Mr. URQUHART. Well, I appreciate your support in that regard. That's a good point, sir.

Senator REID. I think it would be well that—and I'm sure that we can wait until next year, but I think it would be well that your staff came up with what you deem to be the conflicts with the authority of your agency.

Mr. URQUHART. OK. Would you like us to report in writing to the committee on that?

Senator REID. Yes, please.

Mr. URQUHART. We would appreciate it. I would just add that again, because this is just across the Potomac River and is outside the District of Columbia, normally the Commission would only have an advisory role. Even in projects of the magnitude of the expansion of the Pentagon, because it's across the Potomac River the Commission is only advisory.

Senator REID. I understand. But, there are a lot of other things that come up from time to time, and if you would lump them altogether we will spend some time on those.

Mr. URQUHART. OK. We would be pleased to do that.

MONUMENTAL CORE SECTOR PLAN

Senator REID. Again this year, the Commission will be working on the general development sector plan for the central area of the Capital.

Generally, what does this plan encompass?

Mr. URQUHART. Well, it is a plan to coordinate and guide the development of the central monumental area of the National Capital. It will contain guidelines for the accommodating of Federal agencies' expansion needs, moves, locating cultural facilities and memorials, addressing circulation and visitor parking issues.

Those are the general topics to be covered.

Senator REID. One of the principal features of the plan, as I understand it, would be the Mall area.

Mr. URQUHART. Yes, sir.

Senator REID. And, what are you recommending for the Mall area?

Mr. URQUHART. Well, I don't think our study is complete enough to make a recommendation yet. We have completed the visitor circulation and parking studies. We have completed extensive field surveys.

So, we now have a data base on really how many people are where at what times. And, we are exploring possibilities in terms of satellite parking opportunities and bus service.

But, I don't think that—unless the staff is prepared to add something—we are prepared to make a recommendation.

Senator REID. When will you be in a position to be more definitive about that?

Mr. URQUHART. Mr. Griffith.

Mr. GRIFFITH. We will be in that position before the end of this fiscal year, sir.

Senator REID. OK. That's good. Again, once the plan is completed, what authority will you have to ensure that the future development in the core area is consistent with this plan?

Mr. URQUHART. With respect to Federal property—and, of course, most of the monumental core is Federal property, we have approval authority because that Mall area is in the District of Columbia. So, we would have the right to approve building plans by the Federal Government in that area.

If they were not consistent with that approved core plan, we would not approve them, as a generalization, of course.

COMPREHENSIVE PLAN

Senator REID. How much had the Commission budgeted for the publication of the comprehensive plan?

Mr. URQUHART. I will ask our administrative officer to answer that question.

Ms. MULLIS. We had originally budgeted approximately $90,000 for the printing of that plan.

Senator REID. Will these funds be adequate?

Ms. MULLIS. We have recently received some indications from the Government Printing Office that funding is inadequate. The cost of that plan has increased significantly.

Senator REID. Do you know how much?

Mr. GRIFFITH. Mr. Chairman, the original estimate by the Government Printing Office was the $90,000.

Senator REID. Was not, you say?

Mr. GRIFFITH. Was $90,000, as Ms. Mullis has said. The current estimate is somewhere between $155,000 and $170,000.

We have asked the Government Printing Office to go back and give us an itemized account. We will then negotiate with them.

Senator REID. That is a significant increase for a small agency.

Mr. GRIFFITH. It is extremely significant.

Senator REID. And, you are aware of that and you are seeing what the problem could have been?

Mr. GRIFFITH. We are seeing what the problem could be. We also are attempting to influence the Government Printing Office by some indication of what it would cost if we did not use them. Of course, we have to by law.

Senator REID. Yes. And, you are captive, so to speak.

Mr. GRIFFITH. We are captive. But, we know it could be done at a lesser price on the private market.

Senator REID. Well, we would be interested in that.

Mr. GRIFFITH. Thank you, sir.

POSITIONS

Senator REID. The Commission's justification indicates that full-time employees will rise from 45 in 1987 to 50 in 1989. You only have 42 positions filled at the present time.

What are you going to do with the balance of eight?

Mr. URQUHART. Mr. Chairman, the appearance here is deceptive, because at the end of last fiscal year we had a number of vacancies that we have since, or are in the process of filling.

That really accounts for the——

Senator REID. It doesn't have anything to do with bonus awards for senior managers or cash awards for other staff?

Mr. URQUHART. If the question relates to the number of full-time equivalent positions, I——

Senator REID. I've been told by staff that that is an unrelated question.

Mr. URQUHART. OK.

Senator REID. I thought they were in the same general area. So, I apologize for that.

Do you only have 42 positions filled today full-time?

Mr. GRIFFITH. Yes; we have 42 full-time positions filled at this time. But, we have a number of part-time positions, some of which are the equivalent of full-time.

So, in effect, we have about 46——

Ms. MULLIS. Forty-six allocated with approximately four vacancies at the moment.

Senator REID. Do you think you are going to fill those vacancies? And, if so, for the whole year?

Ms. MULLIS. Yes; we have vacancy announcements out now. We are in the process of interviewing and looking at applications to fill those positions.

We would hope to have a full complement by the end of this fiscal year.

Senator REID. Thank you very much. Thank you for your testimony. We have some other questions that we must submit in writing.

As you know, we have been working around the clock here for a few days. And, the last two nights we have been in session all night. I have to preside this morning, so we are speeding things up a little bit.

ADDITIONAL COMMITTEE QUESTIONS

So, thank you very much for your testimony. We will submit some additional questions in writing.

Mr. URQUHART. Thank you, sir.

Senator REID. I'm afraid if I don't show up, they will arrest me. [Laughter.]

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

WORKLOAD AND FUNDING REQUIREMENTS

Question: Mr. Urquhart, your FY 1989 budget request is essentially level funding compared to the current appropriation. Can the Committee infer that you expect your workload to be fairly level in the next year as well?

Answer: We do expect the Commission's workload to be fairly level in the coming year in terms of numbers of submissions. Our recent experience has shown, however, that an increasing number of highly controversial and complex plans, such as the PortAmerica and Old City Post Office projects, are requiring significant Commission time to resolve Federal interest issues. In view of the intensity of development activity in the Region, we would project that additional projects of this magnitude and complexity will likely come before the Commission in FY 1989, in spite of the fairly level overall numbers. The staff and the Commission are concentrating on working as efficiently as possible to handle this review workload with our current level of staff and budget resources.

In our comprehensive planning, we have established an ambitious work program for the rest of FY 1988 and all of FY 1989 that anticipates even greater productivity from our essentially fixed level of long-range planning resources through this period. This program calls for the completion of two major planning efforts, the sector plan for the Monumental Core area and the planning vision for the year 2050 for the entire National Capital Region.

ENVIRONMENTAL ASSESSMENT FOR PORTAMERICA

Question: As the lead Federal agency coordinating the environmental assessment (EA) for the PortAmerica project, the Commission had a very substantial workload increase last year. When will the EA be completed and is the Commission apt to be immersed in this matter in FY 1989 as well?

Answer: The EA for the PortAmerica project is scheduled to be completed by March 17, 1988. Without prejudging the required Finding that the Executive Director must make at the conclusion of the EA, if a Finding of No Significant Impact is made (i.e., an EA is sufficient for purposes of the environmental review of the Federal actions related to the project), the Commission would have no involvement in the environmental review of the project in FY 1989. We anticipate that the Commission's permitting actions with respect to the project would be concluded by FY 1989 as well.

PERSONNEL COMPENSATION

Question: We note in the budget justification (page 5) that while the Commission is seeking only a small increase in personnel compensation compared to the current year, the comparison to the actual expenditures in 1987 shows an increase of nearly 10 percent. What is the basis for this large increase in the request for personnel compensation over the two year period?

Answer: The turnovers during the year, the lapse in filling vacancies and closing the year with five unfilled positions resulted in lower costs for personnel compensation in FY 1987. In 1989, we expect these positions will be filled and anticipate payroll costs for the full year. In addition, we have planned for increases in personnel compensation for pay raises, promotions, merit increases and with-in grades.

PORTAMERICA

Question: What is the status of the environmental assessment?

Answer: The Commission has prepared and circulated for comment an environmental assessment on the PortAmerica project. The end of the comment period was March 3rd. The staff and the contractor are currently incorporating the comments which have been received into the final document. The EA is due to be completed by March 17.

Question: With whom have you coordinated on this assessment?

Answer: Over the past year, the Commission staff, along with a host of other Federal, state, and local agencies involved in the review of the proposed PortAmerica project, have participated in numerous meetings with the developer's representatives to alert the developer to information requirements related to their particular agency's review; to identify issues which could present problems in later reviews; and to suggest alternatives for consideration as the proposal was being developed. These sessions have been highly productive.

The specific agencies which have participated in these pre-application sessions include the U.S. Army Corps of Engineers, which has been extremely helpful during this process, the Federal Highway Administration, the U.S. Environmental Protection Agency, the National Park Service, the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, the Maryland Department of Natural Resources, the Maryland Department of the Environment, the Maryland State Highway Administration, the Maryland-National Capital Park and Planning Commission, and the Prince George's County Department of Environmental Resources.

Question: Are there any surprises coming forward as the assessment proceeds?

Answer: Given the coordination which has taken place over the past year with the public agencies involved in the project, there are no major surprises in any of their comments on the draft. Their comments are constructive and will be helpful in finalizing the document. Also, we are in the process of responding to the comments provided by members of the public. Although we are just beginning that task, we have not identified any new issues which were not previously identified during discussions with the agencies.

Question: How has the design of the project been modified to accommodate concerns expressed by Federal agencies?

Answer: As I am sure you are aware, the PortAmerica project has undergone a significant change since the Commission was designated as lead agency for purposes of complying with National Environmental Policy Act (NEPA). The changes which have occurred in the project, whether they be with respect to the height of the World Trade Center or the extent of fill in the Potomac River, have been positive and I believe demonstrate what can be accomplished when public agencies and private applicants work jointly to solve what may appear on the surface to be unresolvable differences.

Specifically, the height of the tallest structure on the site, the World Trade Center, has been lowered from its originally proposed 52 stories (to 22 stories, not including a multi-level lobby), in response to air navigation and visual concerns expressed by the Federal Aviation Administration and the Commission, respectively. Also, the amount of fill and dredging in Smoot Bay and the Potomac River has been reduced substantially in response to objections raised by the U.S. Army Corps of Engineers, the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, the National Marine

Fisheries Service and several Maryland State agencies. The 34 acres of fill and 173,000 cubic yards of dredging over 42 acres which was originally proposed in January of 1987 has been scaled back to only 1.03 acres of fill and 87,000 cubic yards of dredging over just 19 acres.

The design has also been modified to provide specific site amenities sought by various Federal, Maryland and local agencies to either enhance the project or mitigate some of its anticipated adverse environmental effects.

Question: Do you have any outstanding concerns about the PortAmerica project?

Answer: While the NEPA process is not complete and the Commission has not taken formal action with respect to the Memorandum of Understanding which is required by Public Law 99-215, I think it is fair to say that the Commission has no major unresolved concerns about the project at this time.

POTOMAC GREENS

Question: The Subcommittee took an active role in the Potomac Greens project last year. We have required the National Park Service to conduct an Environmental Impact Study (EIS) of the proposed interchange and the planned development on the George Washington Memorial Parkway at Daingerfield Island. Does the Commission plan to be a significant participant in this study?

Answer: No. The Commission's role in regard to the project is limited to review and approval of the proposed "design" of the planned interchange which links the project to the parkway. The Commission reviewed and approved the design for the interchange on November 3, 1983. The Commission does not anticipate assuming a "lead" role in any environmental documentation prepared for the Potomac Greens proposal. We will, of course, because of our long-standing interest in the parkway, participate as a cooperating agency in the preparation of any environmental document, if requested by the National Park Service.

MONUMENTAL CORE SECTOR PLAN FOR DISTRICT OF COLUMBIA

Question: Approximately what percentage of your personnel resources will be devoted to this planning effort?

Answer: With the heavy work load in the agency, we are currently able to devote one senior level planner to the project full time. Five to six other planning staff members provide support on a 30 percent to 50 percent time basis.

CONSTITUTION AVENUE DEVELOPMENT PLAN

Question: Let's start with the Constitution Avenue development plan. What changes can we expect there?

Answer: In Fiscal Year 1987, the Commission published an Illustrative Design Plan for Constitution Avenue, which was intended to convey a general sense of the quality and visual character that the Commission believes are needed to give the portion of the avenue adjacent to the Mall a distinct sense of unity and identity. Suggestions for possible sidewalk treatment, landscaping, street furniture, lighting and special features were included to illustrate the conceptual character being sought. If funding is available within our normal operating budget, we hope to define these elements and features more specifically in subsequent stages of planning.

It does not appear likely that large amounts of capital improvements funds from those Federal agencies on Constitution Avenue will be available during the near term to implement improvements suggested in the conceptual plan. We have, however, transmitted copies of the document to all the land holding agencies on Constitution Avenue and requested that they use these design concepts as a guide for maintenance type improvements or replacements they might undertake. Recently, the National Archives used the design plan as the basis for planning site improvements for their building.

INDEPENDENCE AVENUE SPECIAL STREET PLAN

Question: What are the major elements of the Independence Avenue Special Street Plan?

Answer: The draft report on the Independence Avenue Special Street Plan which we plan to initiate in FY 1988 will be similar to the Illustrative Design Plan for Constitution Avenue discussed above. Its several sections will include goals and objectives for the avenue and design policies to guide the treatment of such elements as street furnishings, street trees, ground surfaces, lighting, vending, and signs. It will also contain illustrative design concept plans for different sections of Independence Avenue between First and 15th Streets, S.W.

FOREIGN MISSIONS

Question: Are you having any particular problems at this time with the respect to the siting or modification of foreign missions?

Answer: No, we are not having any problems at this time.

BELTSVILLE PLAN

Question: Please describe the primary features of the Beltsville general development sector plan.

Answer: The Beltsville Plan will be a general plan to guide the future development of over 10,000 acres of Federal land in the northern portion of the National Capital Region. The plan will address critical issues affecting the accomplishment of the missions of Federal agencies in the area including:

1) potential adverse environmental impacts on Federal research operations at the Beltsville Agricultural Research Center, the Patuxent Wildlife Research Center and the Goddard Space Flight Center;

2) alignment of local highways proposed to cross Federal lands, especially the Patuxent Wildlife Research Center;

3) pressures for more intensive use of Federal land; and

4) development pressures from adjacent communities.

QUANTICO SECTOR PLAN

Question: Would you also describe the Quantico general development plan?

Answer: The Quantico Sector Plan will address critical issues concerning the future use and development of the extensive Federal lands in the southern portion of the region including:

1) local development pressures for roadways and public facilities;

2) compatibility of Federal uses with surrounding local development and long-range plans;

3) environmental impacts of Federal and local development;

4) retention of Federal lands for open space uses; and

5) possible additional Federal offices and other uses in the area.

AWARDS

Question: How much of the request is associated with bonus awards for senior managers and with cash awards for other staff?

Answer: Our budget request includes approximately $12,000 for Senior Executive Service Bonus Awards, $12,000 for performance awards for PMRS employees in grades 13-15, and $8,000 for cash awards.

Question: What percent of the total senior staff personnel compensation does the pool bonus awards represent?

Answer: The bonus awards pool represents almost 4% of total compensation for our senior executives.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

Question: In the report to accompany the District of Columbia Appropriations Act of 1988 (House Report 100-498) the Committee directed that no action be taken with regard to the Employment Security Building, located at 500 C Street, NW, unless approved by the Committees on Appropriations of the House of Representatives and Senate before December 31, 1988. Could you please inform the Committee of any plans which you may be reviewing concerning that property?

Answer: The Commission has not reviewed any plans for this property, and no reviews are scheduled. Staffs of the Pennsylvania Avenue Development Corporation and the District of Columbia Government advise that, although a number of alternatives have been discussed for the property, no decision has been made regarding any improvements to the existing building or any new construction on the site. Therefore, a submission of plans or proposals for Commission review appears unlikely in the near future.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

OFFICE SPACE

Question: Can you bring the Committee up to date on your efforts to find new office space or to renegotiate a new lease?

Answer: Yes. The General Services Administration has advertised that it wants to lease space in Washington, D.C. amounting to approximately 16,200 net usable square feet of office and related space. Some potential lessors have responded to the advertisement and GSA will be putting together a list of locations to be considered.

Question: Why are you moving?

Answer: The lease on our present location will expire in December 1988.

Question: Since you have requested funds in FY 1989 for moving costs, has the decision been made to actually move?

Answer: At this point we feel 99% certain that we will move. We expect to have further information from GSA within the next several months that will assist us in making the final decision.

Question: How much is included in the Budget for moving costs?

Answer: We have requested $15,000.

Question: What are the anticipated lease costs involved with the new lease whether you move or not?

Answer: The estimated cost of leasing space at the present location is $416,000 for FY 89. The cost at a different location will be determined when the General Services Administration calls for the "best and final" offer from potential lessors and awards a contract for leased space.

FERS RE-ESTIMATE

Question: Did the OMB and Congress jump the gun in making the $19,000 reduction in FY 88?

Answer: No, sir, they did not.

Question: If not, why are you requesting an increase in FY 89 for the new retirement system since the one time sign up has passed and your FTE level is proposed to remain the same at 46?

Answer: Even though the one time sign up has passed and our FTE level remains the same, new hires to the Federal Government are automatically covered by the new retirement system. As we fill vacant positions with new hires, the cost to the agency results in about a 15% increase of affected payroll. Moreover, in January 1988, the Office of Management and Budget asked agencies to recalculate their FERS costs and the estimates were lower, of course, due to the lower sign up rate.

The estimates in this budget request reflect the lower estimates. The revised FY 88 FERS cost is $35,000 and the revised FY 89 FERS cost is $42,000 which represents a $7,000 increase over the revised FY 88 FERS cost.

Question: For the record, please display the amount requested in FY 88 for FERS, the amount provided by Congress and the amount requested in FY 89.

Answer: The FERS amounts are as follows:

FY 88 Original Request	$127,000
FY 88 Reduction	-19,000
Amount Provided by Congress	$108,000
FY 89 Request	$ 42,000

CONSULTANTS

Question: In the previous two years, you have budgeted $55,000 annually for the use of consultant services to support Commission staff on special projects, including environmental matters, and programs needing outside expertise. In FY 89, however, you have requested only $40,000 for this purpose. Can you explain the reduction?

Answer: In previous years we have exceeded our normal annual operating budget of $40,000 for consultants because of extraordinary projects such as PortAmerica. Since the PortAmerica project will be completed by fiscal year 1989, we believe the $40,000 requested in this budget will be adequate.

POTOMAC GREENS

Question: What is the National Capital Planning Commission's role in the "Potomac Greens" proposal? What is the present status of "Potomac Greens"?

Answer: NCPC's role in the Potomac Greens development proposal is two-fold. First, NCPC customarily reviews major land development proposals in the National Capital Region to determine what, if any, impacts the proposal would have on Federal lands or interests. If there are any adverse impacts, the Commission forwards its advisory recommendations to the affected local elected body for consideration. And second, the Commission's statutory advisory review was expanded via a 1970 land exchange agreement between the U.S., Richmond, Fredericksburg and Potomac Railroad Company, and the Fairchild Company by giving NCPC approval review over the design of the traffic interchange and bridge at Daingerfield Island on the George Washington Memorial Parkway in Alexandria, Virginia. The Commission approved the design of the traffic intersection and bridge on November 3, 1983. The Commission reviewed two different applications for the Potomac Greens mixed-use planned unit development on January 8, 1987, and May 7, 1987, respectively, and submitted its concerns to the Alexandria City Council. The Commission's major concerns with the proposed project are visual and traffic impacts on the George Washington Memorial Parkway.

The "Potomac Greens" site plan application was unanimously rejected by the Alexandria City Council on June 24, 1987. Consequently, the developers filed a lawsuit against the city which they later withdrew on February 3, 1988. The developers are expected to submit a new application.

AIRPORT AUTHORITY

Question: What is the National Capital Planning Commission's relationship with the current Metropolitan Washington Airports Authority as a result of the Metropolitan Washington Airports Act of 1986 (P.L. 99-591)?

Answer: The Metropolitan Washington Airports Act was implemented in June 1987. The Metropolitan Washington Airports Authority replaced the Washington Metropolitan Airports as the operator under a renewable lease executed on March 2, 1987.

At Dulles Airport, the transfer act provides that the Authority consult "with the National Capital Planning Commission and the Advisory Council on Historic Preservation before undertaking any major alterations to the exterior of the main

terminal". At National Airport, the transfer act provides that the Authority consult "with the National Capital Planning Commission before undertaking development that would alter the skyline of Washington National Airport when viewed from the opposing shoreline of the Potomac River or from the George Washington Parkway."

Since the Authority is not subject to the Planning Act, it will not have to submit any other plans or programs to the Commission. For planning purposes, the two airports and the access road will no longer be Federal facilities.

The staffs of the National Capital Planning Commission and the Metropolitan Washington Airports Authority are presently developing a memorandum of understanding to implement the provisions of the Metropolitan Washington Airports Act.

ECONOMIES IN THE PLANNING PROCESS

Question: Mr. Urquhart, do you see any way in which economies can be achieved in the planning process?

Answer: Yes, Mr. Chairman, we have looked at ways to achieve economies in the planning process, and this inquiry has led us back to our enabling legislation, the Planning Act of 1952, with all of its anomalies. What was adequate for the fifties, sixties and seventies appears to be inappropriate and inefficient for the eighties and beyond. In an effort to improve regional planning, NCPC has drafted legislation to clarify its authority. The draft legislation will be submitted in the near future to the Office of Management and Budget for standard inter-agency review and comment. The intent is legislation that will ensure that planning for the growth and development of the federal establishment in the National Capital Region will be done cost effectively and be consistent with the capital needs of the federal agencies.

Major unresolved issues to be addressed are: a need for possible expansion of the boundaries of the region; whether NCPC's approval authority over federal projects should be extended from the District to the entire region; considerations regarding the composition of the Commission to make it more representative; consolidating the land/master planning of federal agencies (the purpose being to achieve an economy of scale); developing a conceptual plan or vision of the federal government in the region in the year 2050; and the possibility of the Commission "packaging" federal development opportunities for public/private ventures, much like the Pennsylvania Avenue Development Corporation.

INTERNATIONAL CULTURAL AND TRADE CENTER

Question: What is the status of the International Cultural and Trade Center and the Commission's reviews of proposals for this project?

Answer: As mandated by Congress in the authorizing legislation for the International Cultural and Trade Center, the Commission is working closely with the Pennsylvania Avenue Development Corporation, the General Services Administration, and the Department of State in coordinating reviews to keep the planning for this major project on schedule. This past December the Commission adopted a modification to the Foreign Missions and International Organizations element of the Comprehensive Plan providing for the location of the Center at the Great Plaza site in the Federal Triangle. In January the Commission approved the

basic use concept for the Center and made a number of recommendations to help guide the preparation of development guidelines and standards for the competition that will be held to select a developer/architect team for the project. We are scheduled to review more detailed development concepts for the project at our April meeting.

It is our understanding that, under the Federal Triangle Development Act (P.L. 100-113), following review by the Commission and other Federal agencies the development plan will be submitted for approval by the Congress. PADC and GSA have indicated that they hope to make this submission in the Spring of this year. The competition for the selection of the development team would follow the Congressional approval. The Commission will continue to work with PADC, State, GSA, and the new International Cultural and Trade Center Commission in the coordination and review of site and building plans once the development team is selected and work begins on specific plans.

MONUMENTAL CORE SECTOR PLAN

Question: What is the purpose of the Monumental Core Sector Plan and how is the work progressing?

Answer: The purpose of the Monumental Core Sector Plan is to provide a general plan to coordinate and guide the development of the central monumental area of the National Capital. It will contain guidelines for accommodating Federal agency needs, locating cultural facilities and memorials, and addressing circulation and visitor parking issues.

Studies have been completed on visitor circulation and parking involving extensive field surveys and the development of alternative strategies for dealing with visitor parking.

Studies are currently underway regarding urban design approaches to future development in the Core. The Commission looks forward to circulating plan proposals for public comment by the end of this fiscal year.

OLD CITY POST OFFICE

Question: We are aware that the Commission recently disapproved a proposal by the Postal Service to put a rooftop addition on the Old City Post Office. Have the Commission and the Postal Service made any progress toward resolving this issue in the past several months?

Answer: I'm glad you asked that question because it gives me an opportunity to clarify the Commission's action--which has been somewhat misunderstood-- as well as to report on a very positive response from the Postal Service. When the Commission reviewed the Post Office project last November, we enthusiastically approved the concept of rehabilitating and adaptively reusing this exceptionally important building generally for office use, with some retail, and a full service post office. The only aspects of the submission that the Commission disapproved were the intensity of the proposed development program and an addition which would rise above the ridge line of the roof. In our view, any such addition would compromise the integrity of this landmark achievement and violate Daniel Burnham's vision for establishing an architectural frame for the U.S. Capitol with buildings around Union Station Plaza that would be subordinate in height and presence to his great Union terminal.

I am extremely pleased to be able to report, therefore, that the Postal Service has now submitted a revised proposal to finally and thoroughly rehabilitate the Old City Post Office which does not include any rooftop addition. The Commission is scheduled to review this submission at its meeting on March 3, 1988. Based on preliminary information, I believe it will receive our wholehearted approval. We appreciate the manner in which the Postal Service and the developer have now responded to our previous concerns.

PORTAMERICA

Question: What is the status of the Commission's involvement in the PortAmerica project?

Answer: As I am sure you are aware, the PortAmerica project has undergone a significant change since the Commission was designated as lead agency for purposes of complying with the National Environmental Policy Act (NEPA). The changes which have occurred in the project, whether they be with respect to the height of the World Trade Center or the extent of fill in the Potomac River, have been positive and I believe demonstrate what can be accomplished when public agencies and private applicants work jointly to solve what may appear on the surface to be unresolvable differences.

Over the past year, the Commission staff, along with a host of other Federal, state, and local agencies involved in the review of the proposed PortAmerica project, have participated in numerous meetings with the developer's representatives to alert the developer to information requirements related to their agency's review; to identify issues which could present problems in later reviews; and to suggest alternatives for consideration as the proposal was being developed. These sessions have been highly productive. Consequently, I think it is fair to say, no major unresolved issues remain at this point.

As the lead agency for purposes of complying with Section 106 of the National Historic Preservation Act, we have this year executed a memorandum of agreement with the Maryland Historic Preservation Officer, and the Advisory Council on Historic Preservation which ensures that potential impacts of the PortAmerica project on archeological properties on the site and historic properties outside the site will be appropriately considered. As the lead agency for NEPA, we have prepared and are currently circulating for comment a draft environmental assessment on the PortAmerica project. We anticipate completing the document by the middle of March. Finally, we have recently circulated for comment a proposed amended Memorandum of Understanding between the Commission and the developer which reflects changes that have occurred in the proposed design of the project.

2050 STUDY

Question: Mr. Urquhart, you indicate in your statement that the Commission hopes to prepare a vision for the future of the Federal Establishment in the Region in 2050. Could you tell us more about this vision and what you hope to have it accomplish?

Answer: To address immediate issues and plan now for the future we believe the U.S. Government and the Commission need a vision of how our unique national capital will be shaped in the long term and what its legacy will be for future generations. Although planners have typically thought in terms of 20 to 25 years horizons, we believe effective planning today must have even longer horizons. Technological change is occurring at such

a rapid pace that its impact on the future will be much more dramatic than in the past. Consider these facts: Information is doubling every 2-1/2 years; 50% of the jobs that will exist in 1995 did not exist in 1987, and all of the knowledge we work with today will equal only 1% of the knowledge available in 2050.

NCPC is charged with planning for the Federal Establishment in the National Capital Region. We must anticipate the long range requirements of the Federal Government on this region in terms of facilities, transportation, energy, waste management, environment, telecommunications, etc., and in turn we must plan for the long range impacts of the Federal Establishment on the National Capital Region.

By the year 2050 the Federal Government will undergo as much restructuring and redefinition as any organization in the world. This requires effort now to envision that changing future. Later we will lose flexibility and it will be too late for good planning. To be sure, the future is uncertain and open to a range of different interpretations and predictions. But we must not be deterred. We must openly research and explore that range of future possibilities to at least be familiar with what is probable. Then we can devise and eventually implement a series of development strategies for the support and facilitating of the Federal Establishment as the National Capital Region continues to grow. By starting now, this can be done in a manner that protects and enhances the heritage of our beautifully planned capital.

Based on preliminary research and counsel with futurists, technologists and other experts, we have crafted a rough outline on the future of our national capital in 2050. Preliminary hearings and investigations show an exciting federal future made better by known and probable advances in transportation (battery commuter vehicles and magnetics), telecommunications (fiberoptics at-home work stations) and in worker/employer/family relationships. The Commission must now conduct more detailed investigations, hearings and analyses to expand, and define a vision for the region's future in this time frame. The current and projected explosion in information makes precise plans, particularly at a regional scale, much more difficult than in the past. This must not deter us, however, from developing a vision that will provide a framework for taking maximum advantage of future change, performing our duty by planning for the Federal Establishment's future needs, and channeling the forces of the future to achieve a regional environment and community that are truly a world-class model of a city worthy of our nation.

WISCONSIN AVENUE CORRIDOR

Question: Private development along the Wisconsin Avenue Corridor in the District of Columbia seems to have created considerable controversy. What role does the Commission have in private development issues along Wisconsin Avenue?

Answer: The Commission has Federal interest review responsibilities on all D.C. Zoning Commission proposed zoning changes along Wisconsin Avenue and any other area of the city. Due to private development encroachment along Wisconsin Avenue adjacent to the U. S. Naval Observatory, the Commission has urged the Zoning Commission of the District of Columbia to create a new Naval Observatory Precinct District which would protect the Federal interests at the Observatory regarding (a) the critical scientific/national security (i.e., ICBM navigation) mission performed at the Observatory and (b) the optimum effectiveness of the security requirements relative to the Vice President at his residence.

GSA's OPPORTUNITY PURCHASE PROGRAM

Question: There have been a number of newspaper articles recently about GSA's efforts to consolidate Federal agency activities and about the purchase of private buildings by GSA. Does GSA consult with the Commission on these matters?

Answer: GSA did not consult with the Commission in the actual development of this program. As a result of the Commission's concern about the possible impacts of this program, the Commission has set-up a task force of members, which includes the GSA representative, to establish cooperative agreements and procedures to provide for Commission review and coordination with local jurisdictions.

The GSA recently purchased two private office buildings under the Opportunity Purchase Program. GSA consulted with the Commission on the purchase of the office building in White Flint, Maryland to consolidate offices of the Nuclear Regulatory Commission. It did not consult with the Commission on the purchase of the building in Silver Spring, Maryland to consolidate offices of the National Oceanic and Atmospheric Administration.

COMPREHENSIVE PLAN PUBLICATION

Question: What is the status of the Comprehensive Plan Publication?

Answer: Approximately 80% of the work toward completion of the material to be printed has been done.

U.S. HOLOCAUST MEMORIAL COUNCIL

STATEMENT OF LYLE RYTER, EXECUTIVE DIRECTOR

ACCOMPANIED BY STEVEN E. LYNCH, SPECIAL ASSISTANT TO THE REGIONAL DIRECTOR, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

PREPARED STATEMENT

Senator REID. The last agency this morning is the U.S. Holocaust Memorial Council. Mr. Lyle Ryter, Executive Director of the Council will testify.

The request for the current year is $28,000 less than their request for next year, which is $2,209,000.

Welcome to the subcommittee, Mr. Ryter. I understand this is your first appearance before this subcommittee. Your biographical sketch will be included along with your statement at this point in the record and we appreciate very much that being here and knowing more about you.

[The statement follows:]

STATEMENT OF LYLE RYTER

Thank you for the opportunity to appear for the first time on behalf of the United States Holocaust Memorial Council. I am honored to serve as its Executive Director. I bring you the personal greetings of Chairman Harvey M. Meyerhoff who is unable to be here himself today due to a scheduling conflict. It is a pleasure to appear before you today and to have this opportunity to report the substantial progress that has occurred during this past year and is continuing during the current year.

The Council's federal funds budget request for Fiscal Year 1989 is $2,209,000, which represents a net increase of only $38,000. This 2% increase is necessary to cover the increased costs in Fiscal Year 1989 of $20,000 associated with the January 1988 pay raise, and $18,000 for inflationary costs of non-salary items. Significant changes have been made in the composition and emphasis of our publicly mandated programs. These have been accomplished by reprogramming rather than by way of any request for expanded funding.

With the scheduled beginning of construction of the Museum and Learning Center, Fiscal Year 1988 will be the culmination of a carefully staged planning effort to create the design and programmatic concepts for the United States Holocaust Memorial Council.

I am most pleased, Mr. Chairman, to be able to report to you even as we speak here today that the first physical work preparatory for large scale excavation of the site has been initiated.

Today, March 7, is a benchmark in the construction of the Museum and Learning Center. I have been notified that the sewer relocation project will begin in earnest this morning with the hope that it will be completed by the end of June. This work can best be described as relocation of an existing sewer on the site and the creation of connections for the linking of the eventual Museum with the sewer system. This is certainly a red letter day for all the members of the Council and, I hope, for the members of the Committee that have had the patience and forebearance to wait and agonize with us over the creation and establishment of this Museum.

The Council plans to establish a construction fence around the site of the property in approximately the middle of April. This will signal the bringing on site of excavation equipment and it is hoped that excavation can be initiated during the summer months with the expectation that construction could be completed by late 1990.

The Council's direction in 1988 and continuing into 1989 will be to concentrate on the research and development required to finalize the interior design components of the Museum. This will require continued research and development in the areas of exhibit design, educational materials, archival and library acquisition and cataloging, and audiovisual presentations. Evaluation of impact of proposals and plans developed by highly skilled professionals in the areas of education, archives, museum design and similar professionals required to oversee development of the plans, will be time consuming but necessary for this nationally significant Museum. Furthermore, it is essential that we continue to explore both our own nationally held archival documents as well as those materials available on the international level to determine their relative value to the Educational and Archival programs of the Museum.

Fiscal Year 1987 was a year which moved the Council closer to the objectives of constructing a "living" Memorial Museum. On November 20, 1986 James I. Freed of I.M. Pei and Partners was selected as the architect to design the Museum. His design was submitted and approved by the full Council on April 28, 1987. During July and August of 1987 the Commission

of Fine Arts and the National Capital Planning Commission approved the revised design. Site preparation is advancing this winter and excavation will begin in the Autumn of 1988 with a targeted opening date of late 1990.

Prior to Fiscal Year 1987, the interior component designs remained at the early development stage. Great care and effort previously had been devoted to the gathering of factual information upon which to base the Museum content and, in turn, the interior design components. However, the myriad of individual efforts by numerous consultants, experts and contractors had not been consolidated into a total interior design concept. Therefore in Fiscal Year 1987 the Council engaged a well-known scholar of the Holocaust to serve as a Research Fellow to assist in the content development effort, developed a Content Team of historical and curatorial specialists and also contracted for the services of de Harak and Poulin Associates for the preparation of a preliminary conceptual design of the permanent exhibition. With approval of the Council's Museum Development, Content and Executive Committees, this effort is continuing into Fiscal Year 1988.

The mandated tasks to build the Museum and to implement the other recommendations of the President's Commission highlight the fact that the Council's broad responsibility in public education is equally important as the building design. The Council must address millions of Americans of all ages and backgrounds, both those who will visit the Museum in Washington and many others who are unable to do so. The challenge to present the tragedy that befell the six million Jews and millions of other victims will be met in a facility that integrates historical authenticity and innovative exhibitry design with a diverse range of learning capabilities, sophisticated teaching techniques, and archival and bibliographic resources. Present proposals and plans include the following program activities: Continued development of the permanent and temporary exhibit facilities and a program of computer assisted interactive learning tools in the public areas of the Museum; the establishment of a national education clearinghouse; networking with state departments of education, national educational associations, Holocaust centers, and teachers; development of educational resources; teacher workshops; identification and assessment of educational materials and programs; creation of in-service training programs, and conduct of national writing contest for high school students. With the exception of the exhibit facilities, all the above program activities must be developed and planned by Council staff while the Museum Development Committee and staff give first priority to design and construction of the building. The programs are based on historical and documentary materials in a variety of foreign languages written in specific historical circumstances, the interpretation of which require linguistic skills and historical and cultural knowledge. The Council is developing a staff of experts in these areas which is eminently able to meet the challenges presented by this complex subject matter.

In addition to archival and library collections, the Council staff must plan for a full schedule of public educational and cultural programs. Lectures, film series, conferences, seminars and classes are proposed to be held both at the Museum and in outreach efforts.

As this Committee is most familiar, since there is a specific line item in our budget, we have initiated a program of retrieval and restoration of archival files in Suitland, Md. During Fiscal Year 1988 considerable research in World War II documents that form part of initial Record Group 338 RECORDS OF U.S. ARMY COMMANDS 1942 were made. The results of that research are now reflected in our computer system. Historians may now have access to descriptions of records of the main U.S. Army - administered concentration camp trials (Dachau, Buchenwald, Nordhausen, Flossenburg, Mauthausen and Muehldorf) as well as investigative records pertaining to many other camps, including Auschwitz and Treblinka.

Printouts of the computer descriptions for the investigative records will soon be filmed in two U.S. Holocaust Memorial Museum microform publications. These publications (reproducing more than 20,000 document pages) will make the records accessible to scholars unable to visit the National Archives. It has only been through the support and the understanding of this Committee that such a rich source of materials has been saved and will be made available to scholars in the future. Additionally, research has been initiated and compiled into computer descriptions of the Army Intelligence Regional Files. These files, dating 1922-44, are part of National Archives Record Group 165. They are a rich source of intelligence reports, diplomatic correspondence, and other records that describe anti-Semitism in Europe and Holocaust events in a number of countries. Our computer descriptions will soon be filmed, together with 36,000 of the document pages, in a USHMM microform publication that will make this information more accessible to scholars.

The Museum also will be instrumental in integrating the archival collections of Holocaust memorial and research institutions throughout the world by creating computerized, universal indices and glossaries for reference and research. Moreover, by accessioning microfilm, microfiche and videodisc copies of documents and photographs in foreign institutions, the future Museum will ease the financial burdens on American scholars involved in Holocaust studies. The planned automated inventory network of international Holocaust documentation will organize information about Holocaust collections worldwide and make the data more easily accessible to a wider public than ever before. This is a notable example of how this important institution will be able to provide leadership and service to other museums, libraries, research institutions and individuals in the United States and abroad.

The Council has made significant progress in establishing and testing educational tools, identifying archival materials and making national and international contacts which will lead to the achievement of specific museum/educational goals and objectives.

Examples of educational and cultural outreach include the production of the documentary films "To Bear Witness" on the International Liberators Conference and "Riga - A Tale of Two Ghettos" with a supplementary historical text, "The Courage to Care," which was nominated for an Academy Award in the best documentary short subject category, as well as the book of Commemorative Observances for use during Days of Remembrance ceremonies. The book, "The Liberation of the Nazi Concentration Camps 1945 Eyewitness Accounts" has gone into a second printing by the Government Printing Office.

During February 1987 the Council sponsored a highly successful conference at the State Department which explored the topic: The Other Victims: Non-Jews Persecuted and Murdered by the Nazis. Scholars and survivors from Europe, Canada, Israel and the United States gathered to discuss the fate of Gypsies, pacifists, the mentally and physically handicapped, Soviet citizens, Poles, Ukranians, political and religious opponents of the Third Reich, and other groups categorized as "enemies of the state" in the Nazi worldview. The material gathered and documented as a result of the varied seminars conducted at the Conference will serve as valuable material in the preparation of exhibits and in preparing for the educational components of the Museum.

In its efforts to preserve memory during FY 1987, the Council undertook projects to locate, salvage, preserve and dessiminate the testimonies of the direct participants in the events; specifically, the Council recorded survivors of the Cracow Ghetto. These documents will serve a twofold purpose: 1) to insure that history does not lose these authentic

stories and 2) to shape these stories into educational audio-visual programs for use in schools and for the general public.

The development, by the Council, of programs such as the above, by the Council, is essential if the Museum is to become a service institution and resource center for providing Holocaust curricula, teacher training and archival, artifact, video and film resources.

During Fiscal Year 1989, the detailed research and development of the cultural, archival and education program components of the facility will continue to be a Council responsibility. The Museum will be an interrelated complex consisting of archival, library and exhibitry material as well as audiovisual presentations to display for the public the story of the Holocaust; a national memorial aspect of the facility; and exhibits, library, archives and computerized facilities available to the general public, educators, students and other academicians to study and research the history of the Holocaust, as well as to make accessible to the educational community materials and collections of other national and international Holocaust resource centers. The facility will also provide for special accommodation of students and teachers visiting the Museum. Planning and developing of these programs by Council staff must take place concurrently with the construction of the Museum to insure that programs will be in place when the building opens.

As an example of on-going private cooperative efforts to assist in achieving the educational goals of the Council, a Committee to Remember the Children, a committee of Congressional Wives has been established. The Committee's project is to collect artwork on the Holocaust from American youngsters nationwide to be eventually placed on a wall and featured at the future Museum. The artwork from American youngsters is to be the culmination of an educational program on the Holocaust in their respective schools.

The Council recognizes the responsibility placed upon it by its sitting adjacent to the national Mall. In placing the Museum so, thousands of school children will be exposed to an educational experience of an unique nature. It is for this reason the Council was most pleased that an appropriation was made to the Committee to Remember the Children to examine the Museum experience of children learning the story of the Holocaust.

This program, which we hope will begin early this spring, will be conducted at the Learning Center of the National Children's Museum not far from the Capitol. The Council is intending to make available to the Center curatorial as well as educational personnel to facilitate the establishment of a learning experience for children about the Holocaust. I hope that I will be able to report back to this Committee in the future on the results of these experiences and their relevance in establishing such things as national curriculum guides on Holocaust education for the differing levels of our educational system.

In preparation for the Museum's opening, funds have also been utilized for Public and Ethnic Outreach activities to increase public awareness of the Council's activities and in obtaining public recommendations concerning the Council's role in meeting its overall objectives.

In FY 1988 the Council is co-sponsoring, with the Anne Frank Institute of Philadelphia and the International Bonhoeffer Society, a National Scholars Conference on The Church Struggle and the Holocaust. This Conference, which will center on the theme "Burning Memory 1938-1988: Times of Reckoning," will help create a network of scholars and educators to serve as a resource for the Museum's educational endeavors.

The Council also continued to receive cooperation from other federal

agencies in fulfilling the mandates of our legislation. Following on the successful conferences previously held at the State Department, it was also the site for our "Other Victims" Conference in February 1987 and will be the site of the Annual Days of Remembrance National Ceremony this April 14. We are currently receiving our General Counsel support from the Department of the Interior. Our administrative support comes, as it has in past years, from the National Park Service on a reimbursable basis. We are continuing with our cooperative agreement with the National Archives for the identification and preservation of Holocaust related materials. Their cooperation has been of great value in the identification of films and materials which are being included in Days of Remembrance Exhibits and in public service announcements.

By the 1980 Act of Congress the Council was "to make permanent arrangements, through annual official Days of Remembrance, for ceremonial observances to remember the six million Jews murdered in the Holocaust and the millions of others who perished as a result of the Nazi policies of genocide and racial suppression, and to honor the survivors of the Holocaust."

As a result of the Council's efforts in making arrangements for national and local Days of Remembrance observances, it has become clear that public and private groups are interested not only in commemorating the victims of the Holocaust, but also in providing continuous Holocaust related educational and cultural programs throughout the year. During 1987, with coordinating assistance from the Council, civic remembrance ceremonies were held in all 50 state capitals as well as in numerous cities throughout the nation. Similar participation is expected for Fiscal Year 1988.

Following the success achieved since Fiscal Year 1987, the Council has continued its extensive efforts to expand, publicize and achieve cooperation and scheduling of education programs and/or ceremonies in secondary schools and libraries throughout the nation. The response to efforts in terms of requests for informational materials has been excellent and numerous commemorative activities were held throughout the nation's school systems. To maintain the historical truth of the Holocaust against the onslaught of the so-called "revisionists," it is critical that this level of support and effort to expand the educational features related to the Council's public outreach responsibilities and Days of Remembrance be continued. In addition, the Council concluded, in Fiscal Year 1987, its third annual national writing contest on the Holocaust. In the three years of this program's existence, close to 3,000 students from virtually every state submitted entries to the contest. The positive response and high level of interest is a testament to successful nationwide efforts to increase an awareness in and the study of the Holocaust in the nation's schools.

In view of our unique legislative mandate to construct the Museum using only donated funds, no report of accomplishment would be complete without reference to our success in that area. With over $48 million in donated funds, the success of the Campaign during the past Fiscal Year clearly shows that the efforts to build this living Memorial Museum have the support of people from all sectors of American life - religious, business and civic leaders; veterans; foundation officers; government officials and many others. The religious community, as individuals and institutions, is offering support. Non-Jewish ethnic Americans, such as Slavs, Poles, Gypsies and Armenians, are contributing to the effort. The Nation's governors are also actively working to support the Museum through official fundraising events in their respective states.

Because donated funds are currently earmarked for design and construction of the building, the Council must rely on appropriated funds for the planning and development of the programmatic components, overall administrative support and the fulfillment of our responsibilities for the annual commemorative ceremony and related activities.

In order to keep pace with the construction schedule, it is imperative that planning and development of these programs proceed with equivalent support to the Council in Fiscal Year 1989.

Thank you and the rest of the Committee for your time and consideration of our Fiscal Year 1989 appropriation request.

I would at this time be please to respond to any questions which the Committee may have on my testimony.

BIOGRAPHY OF LYLE RYTER

Executive Director

Mr. Lyle Ryter was appointed Executive Director of the U.S. Holocaust Memorial Council by Council Chairman Harvey M. Meyerhoff and approved by the Council on October 18, 1987.

Mr. Ryter, who resides in Vienna, Virginia, was Special Assistant to the Secretary, U.S. Department of Labor from 1985 until 1987. He has a history of government service that goes back to 1964, including the position of Minority Counsel, Senate Government Operations Committee, SubCommittee on Reports, Accounting and Management.

He received his B.A. in Economics from Boston University in 1962, and his M.A. in 1964.

BIOGRAPHY OF STEPHEN E. LYNCH

Special Assistant to the Regional Director
National Park Service, National Capital Region

Mr. Lynch, a native of Alexandria, Indiana, has served in a variety of administrative positions with the National Park Service for the past 15 years. He was appointed to his current position as administrative liaison to the Holocaust Council in January 1983 and, prior to that, he had served as Personnel Officer for National Capital Region.

Mr. Lynch received his Bachelor's Degree from Purdue University and his Master's in Public Administration from the George Washington University. He is a member of the American Society for Public Administration, the International Personnel Management Association, and serves as President of the Advisory Committee of the Mid-Atlantic Region Horticulture Hiring the Disabled.

INTRODUCTION OF ASSOCIATE

Senator REID. If you would introduce your associate and make any opening remarks you have, and we will proceed with some questions that we have.

Mr. RYTER. Mr. Chairman, I have with me today Stephen Lynch, who is a Special Assistant to the Regional Director, U.S. Park Service, who acts in an administrative capacity for the U.S. Holocaust Memorial Council. Mr. Lynch has a long history with the Council, and I'm glad to have him here with me today.

I regret that due to the scheduling our Chairman Harvey Meyerhoff of Baltimore will be unable to be here and accompany me in the testimony today. I would be glad to respond to any questions and have an opportunity at a later date to submit for the committee a full statement of the appropriations for this coming year.

Senator REID. What was your 1989 request to OMB?

Mr. RYTER. Our 1989 request was $2,230,000.

Senator REID. I guess you know that OMB kind of reminds me of—well, I don't really know what, but whatever you give them it isn't quite right. It's either—you rarely find it too low. It's always too high. No matter what you submit needs some change.

And, that's one of the problems we have when you deal with an agency like that is that people always tend to inflate what they want, because they know they are going to be cut. It doesn't matter what it is.

You are requesting an $18,000 increase for inflation for nonpersonnel object classifications. This appears to be approximately 1.5 percent above the 1988 levels.

How did you arrive at that figure?

Mr. RYTER. That was arrived at—that's actually a reduction from the previous years, based on the change in inflation factors that OMB has handed to us.

We are calculating—last year, they were calculating using, I believe, a 4.6-percent inflation factor.

Senator REID. Yes; last year, you requested $41,000.

Mr. RYTER. That's correct.

Senator REID. And, with the $18,000, will this be sufficient to maintain the program at the same level as it was in 1988?

Mr. RYTER. I sincerely hope so. I subscribe to all the efforts that the Hill has been making along with the administration in restraint in terms of expenditures. I have just arrived on the scene about 3 months ago, so we are in the process of looking at these figures and examining them for expectation and need for the coming year.

Senator REID. Your justifications indicate that you have now raised almost $50 million toward construction of the museum; is that right?

Mr. RYTER. That is correct.

Senator REID. Is this cash contributions?

Mr. RYTER. We have approximately $47 million in pledges and $15 million of which is in cash currently on hand being invested in U.S. Government securities.

Senator REID. What do you estimate today will be the cost of this museum before it is completed, including the interior furnishings and any exhibits that need be purchased all or in part?

Mr. RYTER. We are estimating for the actual physical construction about $45 million. And, for the interior, design, exhibition, preparation and for the intensive study that has been going on for very sensitive materials that are going into this museum, we estimate probably another $47 million.

Senator REID. So, roughly $90 million to $100 million?

Mr. RYTER. That's correct.

Senator REID. What deadline do you have for raising the additional moneys that you need?

Mr. RYTER. Mr. Chairman, we would like to make this as short a campaign for financial contributions as we possibly could. We are hoping—our campaign staff is hoping that we will be complete in terms of solicitations by the end of 1989, calendar year 1989.

Senator REID. That would be great, wouldn't it, if you could do that?

Mr. RYTER. It would be terrific.

Senator REID. You are requesting $72,400 for the National Archives project. Does the National Archives provide financial or personnel support to the Council as part of the cooperative agreement with them?

Mr. RYTER. We pay the Archives for the use of two archivists to assist our archivists from the Holocaust Memorial Council. There is no other contribution that they make to us.

Senator REID. What about once the memorial is completed, what about the dissemination of educational materials on the Holocaust? Will that be from public or private funds? Or, do you know?

Mr. RYTER. I don't think anyone can completely anticipate the future. We are right now very hard at work attempting to respond to the mandate of the Congress which not only, we feel, obligates us now but will obligate us in the future once the museum has been up.

So, that we are preparing educational material for dissemination on days of remembrance, which we hope will be useful in the future once the museum is up.

In terms of public versus private moneys, once the museum is up for the preparation of educational materials, we actually do have what I would call some tithed donations by contributors who have specified that they would like to contribute more once the museum is up for the specific purposes of educational materials, preparation and dissemination of educational materials.

However, we don't know specifically what the total dollar amount that we are going to need for that particular aspect of the museum in the future is.

Senator REID. I understand. What about consultants? You have in your documents, page 18, expenses for consultants to be almost $300,000.

When this budget was first presented to the committee, there was some $32,000 to be spent on consultants in 1987. Why has that figure gone up so much, almost a 1,000-percent increase?

Mr. RYTER. The history of the Holocaust Council, as I familiarize myself with it on this job, is that the Holocaust Council arrived at a conception of the museum itself and in a piecemeal fashion began to add in those things that it would need for exhibitry and theme development, submitted it, got approval from the Commission on Fine Arts and then felt a particular obligation to the President and the country to go back and redesign this museum.

At that point, they brought together in one place at one time over that fiscal time period people who had contributed in a piecemeal fashion previously. I regard it as a one-time particular need for expertise in one place. We don't anticipate that will probably happen again.

Senator REID. OK. In fiscal year 1988, your appropriation included a $51,000 increase for the new Federal Employees' Retirement System. Apparently, OMB and the Office of Personnel Management estimated a much greater rate of conversions to this new system than has actually occurred.

Most agencies coming before the subcommittee are showing a decrease in these costs in 1989. How many of the Council's staff switched to the new system? Do you have that?

Mr. RYTER. We actually have one enrolled employee——

Senator REID. One?

Mr. RYTER. One. We have a small staff, Mr. Chairman. We have a staff of 15. And, then add on five more for the personnel from the National Park Service who are helping us out in an administrative way.

One has enrolled. I believe 25 percent of the payroll are eligible and are covered.

Senator REID. Do you think you will need the entire $51,000 that has been budgeted for that?

Mr. RYTER. I would like Mr. Lynch to respond to that if you don't mind.

Mr. LYNCH. The cost for the benefits are actual costs. One of the reasons why OMB reduced the 2230, that was our original ceiling. And, they did reduce that 2230 by $41,000 for the FERS reduction.

This year, the balance of what was left for the FERS will be shifted to cover the pay raise cost.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. As we explained to the other witnesses, other Senators may have some questions about your work. And, they will submit some questions. Staff will have some additional questions.

And, we would appreciate you responding to those at your earliest convenience when they are given to you.

Mr. RYTER. Certainly, Mr. Chairman.

Senator REID. We appreciate very much your testimony here today, Mr. Ryter. The subcommittee, as I've indicated, will have some additional questions, and we will submit those to you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

1. Your justifications explain that the Council is exploring private sector funding to supplement appropriated funds for program development and dissemination of educational materials on the Holocaust.

Have you had any success, or any prospects, at this time?

A. Yes.

What is your fundraising goal for this program?

A. $50,000,000 of the total goal is for an endowment, the income from which will be directed toward program.

Do you anticipate problems in reaching the goal?

A. No.

If you are not successful, would you expect to come back to Congress seeking appropriated funds?

A. No.

2. Under "Commemorative Observances" you are requesting $113,900 for "Other Services."

Please provide a listing of those items as well.

National Ceremony Logistics	$10,100
Eisenhower Award	5,000
Postage	5,000
State Support Activities	23,000
Outreach Mailing	19,500
Washington Events Supports	1,300
Kristallnacht Activities	50,000
	$113,900

3. Could you explain for the record the 900 percent increase between the request and the actual cost for Consultants in FY 1987? The 1988 and 1989 estimates are $61,000 and $66,000 respectively.

Based on the 1987 experience, do you believe these are good estimates?

A. Yes. It is our intent to employ a small full-time permanent staff of highly qualified specialists. Therefore, we are programming based on full-time permanent personnel. However, until we are able to identify and employ these individuals, we may continue to employ Experts and Consultants for specialized projects and move the available funds between full-time permanent personnel and other than full-time personnel object classes.

How much have you spent, to date in 1988, on consultants?

A. As of January 31, we have spent $41,400.

4. In a budget as relatively small as the Council's, one of the things the Committee looks at is the breakdown of the budget by object classification.

Yet when we look at the history of FY 87, we see very major changes between what was justified to us and how the appropriations were actually spent.

The Committee's reprogramming procedures provide that, "Any significant shifts of funding among object classifications should also be reported to the Committee in a timely manner."

I believe that we can agree that a 900 percent increase over amounts justified to the Committee is "significant."

Can the Committee be assured that the Council will follow our notification procedures if the 1988 and 1989 estimates for consultants, or for any of the other object classifications, change significantly?

A. Yes. As the Director of an independent agency, I am most willing to keep close and open lines of communication with our appropriate Senate and Congressional Committees.

5. Do you have a plan for use of the excess 1988 funding?

A. Yes. Excess 1988 funding will go to fund the January pay raise and to meet increased equipment cost requirements related to automated processes.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

1. The Council request for FY 89 includes an additional $52,000 (+8 percent) for full-time personnel compensation.

Can you break this increase down between the 2 percent pay raise and additional staff?

A. The pay raise costs are estimated at $20,000. The balance of $32,000 does not include any increased staff, but merely accounts for re-description and re-classification of existing positions and full-time equivalencies.

Does this increase cover the entire cost of the pay raise or will some of the raise be absorbed?

A. The pay raise costs are being absorbed in FY 88, but the requested increase in FY 89 will cover all pay raise costs.

2. Your justification indicates that in FY 87, $289,000 was spent on positions other than full-time personnel. In FY 88 and FY 89, you are proposing to spend $61,000 and $66,000 respectively.

Can you explain this decrease?

A. It is our intent to employ a small full-time permanent staff of highly qualified specialists. Therefore, we are programming based on full-time permanent personnel. However, until we are able to identify and employ these individuals, we may continue to employ Experts and Consultants for specialized projects and move the available funds between full-time permanent personnel and other than full-time personnel object classes.

3. An estimated 1.5 million children were killed in the Holocaust. The question has been raised concerning the appropriateness of a separate portion of the Museum to memorialize these children. The question is a sen-

sitive one and concern has been raised about introducing children to the subject of the Holocaust and, if so, under what conditions.

In the FY 88 Continuing Resolution, Congress provided the Council with an additional $35,000 to be used by the Council's Committee to Remember the Children and the Capital Children's Museum which will do much to answer the relevant questions on this subject.

What actions do you plan with respect to these funds?

A. On March 5, we finalized a Cooperative Agreement with the National Learning Center (Capital Children's Museum) which will provide funding to them for the development of an Exhibition titled "Remember the Children." This Exhibition is scheduled to open on April 12 and remain open for visitation through July 31.

Can you explain what the current design of the Museum envisions as a separate portion for children?

A. An integral part of the Museum will be an Educational Center. The lower concourse of the Museum will contain classrooms, auditorium and a theatre. These spaces will be utilized for education of school age youth.

4. Your unique legislative mandate requires construction of the Museum to be funded from donated funds. The FY 89 justification indicates that over $48 million has been donated to date.

Can you break this $48 million down between cash, pledges and funds "in the pipeline?"

A. We have received over $15 million in cash and have 33 million pledged. We believe the balance of the nearly $100 million goal to be in the "pipeline."

How much of the pledged amount has been tied to the cash flow of the construction schedule?

A. Since the construction schedule has not yet been completed, it is impossible to state the cash flow needs of construction. Receipts from the Campaign will not meet cash needs for construction. Interim construction financing will be arranged.

5. On November 20, 1986 James I. Freed was selected as the architect to design the Museum. His design was submitted and approved by the full Council in April, 1987. The Commission on Fine Arts and the National Capital Planning Commission approved the revised design. Site preparation is advancing and excavation will begin this fall with a targeted opening date of late 1990.

What changes did the NCPC or CFA propose to this design?

A. Further study and refinement of the 14th and 15th Street entrances. Specifically, further development of the 15th Street (Raoul Wallenberg Place) entrance canopy, substitution of brick for limestone on the tower form facing 15th Street and, a simpler and less prominent cornice form above the 14th Street entrance.

What is the anticipated cost of construction of the Museum?

A. Construction of the building, 225,000 square feet, will total $45 - 50 million.

What is the anticipated cost of interior components of the Museum?

A. The cost of interior components (permanent Exhibition, computer equipment, Library and Archive equipment, etc.) will be $20 million. An additional $20 million will be spent on fees, financing, architectural and engineering expenses, design consultants, acquisition of books, etc.

6. A recent Washington Post article quoted Robert Mendelsohn, Vice Chairman of the Museum Development Committee, as saying that the Council would like to tear down what is commonly known as Annex III to provide for an entrance forecourt and a plaza for the Memorial. The Holocaust Memorial site is directly south of Annex III.

Can you elaborate on the Council's plans for the Annex III building?

A. The Council, together with the General Services Administration, has initiated a Section 106 review process with the Advisory Council on Historic Preservation and the State (District of Columbia) Historic Preservation Office to determine the future landmark status of Annex III. The Council believes that Annex III is not architecturally or urbanistically worthy of preservation and that this site would provide an appropriate 15th Street setting for the Auditor's Building, currently undergoing extensive renovation, and a suitable plaza-like approach from Independence Avenue to the Holocaust Museum.

Is Annex III on the National Register?

A. Yes, as part of the Auditors Complex.

What laws relate to demolition of a building on the National Register?

A. Section 106 of the National Historic Preservation Act. Regulations published in the Federal Register on Sept. 2, 1986 as 36 CFR Part 800, "Protection of Historic Properties," govern the Section 106 review process established by the National Historic Preservation Act of 1966, as amended.

7. Your justification indicates that it has been difficult to obtain access to materials which remain in possession of Israeli and Eastern and Western European institutions without being in an official U.S. Government capacity.

Since the Council uses a variety of academicians inside and outside of government to search for material, how have you gotten around this problem?

A. The problem arises mainly in Eastern Europe (although it exists elsewhere as well) where regulations or access are often more restrictive than in the United States. In the past, the Council has been able to approach individual institutions there as a U.S. Government instrumentality either directly or through the ministry that administers that institution. The Council is also working toward establishing agreements with institutions and governments, agreements which will enable the Council to secure access materials otherwise difficult for private U.S. scholars to use.

Can you briefly describe some of the educational tools that may be used in the Museum?

A. The Museum design calls for: 1. a Learning Center, to be located adjacent to the conclusion of the permanent exhibition, which will provide terminals for access to a computer data base with information on a wide variety of material on the Holocaust and the 1933-1945 period for

visitors interested in additional information following their tour of the permanent exhibition; 2. a library and archive for serious students of the Holocaust and its era; 3. an education center on the Concourse level; and 4. an auditorium and a cinema. The permanent exhibition will include video monitors for documentary film from the period and audio monitors for testimony by survivors and liberators and, possibly, terminals for access to additional data base material. School groups and other group tours will go first to the education center on the Concourse level for orientation by trained docents who will then, in many cases, accompany the tour groups through the permanent exhibition. The Museum's education department will arrange for pre-visit orientation for teachers planning to tour the Museum with school groups. The Museum's publications department, working with the educational and curatorial departments, will produce visitor brochures, guides, catalogs, curriculum aids and other educational materials. The facilities on the Concourse level will also be used for teacher training, lectures, seminars, film programs and other educational and scholarly activities.

7. Your justification indicates that in FY 87, you spent $66,000 on printing and reproduction. In FY 88 and FY 89, the justification indicates this will increase to $154,000 in each year.

Can you explain this increase? Is this increase related to fundraising activities?

A. The increase in printing can be attributed to expansion of our outreach activities; in particular, the Council's principal communications organ, The United States Holocaust Memorial Museum Newsletter. The Newsletter was consolidated from two earlier publications. The publication was upgraded and is mailed to a key audience of donors, prospective donors and persons who have expressed an interest in the work of the Council. As the impact of the Council grows, it has begun to communicate a wider variety of information to a more diverse and larger audience. We also anticipate publishing a growing number of brochures, pamphlets, educational outreach material such as the Teachers' Guide for the Committee to Remember the Children, expanded outreach activities related to Days of Remembrance, and other information materials to meet this new and growing demand for information about the Holocaust and the work we are doing.

8. 1987 will be the first full year of the new "simplified" tax law which incorporates sweeping changes into the code. One of the changes was the elimination of charitable deducations for taypayers who do not itemize.

The National Endowment of the Arts indicates that total cultural giving increased by 14.8 percent in 1986 to an estimated level of $5.83 billion.

What impact, if any, do you forsee from the new tax law on your fundraising efforts?

A. We expect little impact.

SUBCOMMITTEE RECESS

Senator REID. Based on that, the subcommittee will stand in recess until 2 p.m., this coming Monday, February 29, when we will hear testimony from the U.S. Fish and Wildlife Service.

Mr. RYTER. Thank you, Mr. Chairman.

[Whereupon, at 11 a.m., Thursday, February 25, the subcommittee was recessed, to reconvene at 2 p.m., Monday, February 29.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

MONDAY, FEBRUARY 29, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:05 p.m., in room SD–192, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senators Reid, McClure, and Stevens.

DEPARTMENT OF THE INTERIOR

U.S. FISH AND WILDLIFE SERVICE

STATEMENT OF WILLIAM P. HORN, ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS

ACCOMPANIED BY:

FRANK A. DUNKLE, DIRECTOR
STEVEN R. ROBINSON, DEPUTY DIRECTOR
JOSEPH E. DODDRIDGE, ASSISTANT DIRECTOR, POLICY, BUDGET AND ADMINISTRATION
MARVIN L. PLENERT, ASSISTANT DIRECTOR, REFUGES AND WILDLIFE
GARY EDWARDS, ASSISTANT DIRECTOR, FISHERIES
RONALD E. LAMBERTSON, ASSISTANT DIRECTOR, FISH AND WILDLIFE ENHANCEMENT
JAMES C. LEUPOLD, BUDGET OFFICER
ANTHONY L. ITTEILAG, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR
ROLF L. WALLENSTROM, REGIONAL DIRECTOR, PORTLAND, OR
MICHAEL J. SPEAR, REGIONAL DIRECTOR, ALBUQUERQUE, NM
JAMES C. GRITMAN, REGIONAL DIRECTOR, TWIN CITIES, MN
JAMES W. PULLIAM, JR., REGIONAL DIRECTOR, ATLANTA, GA
HOWARD N. LARSEN, REGIONAL DIRECTOR, BOSTON, MA
GALEN L. BUTERBAUGH, REGIONAL DIRECTOR, DENVER, CO
WALTER O. STIEGLITZ, REGIONAL DIRECTOR, ANCHORAGE, AK
RICHARD N. SMITH, RESEARCH AND DEVELOPMENT, REGIONAL DIRECTOR, WASHINGTON, DC

BUDGET REQUEST

Senator REID. The subcommittee will come to order. Good afternoon.

This is the time scheduled to review the fiscal year 1989 budget estimate for the U.S. Fish and Wildlife Service. The funding proposal for the Service's major operating account is $331,863,000, a decrease of over $10 million, or about 3 percent from the 1988 appropriations to date.

The Service's proposal for construction is $7,577,000, which is a reduction of $15.5 million, or about 70 percent from the 1988 appropriations.

No new land acquisition funding is requested.

In total, the Service's budget request for appropriated funding is $346,959,000, down 19 percent from the level provided by Congress in December for the Service to operate its programs during 1988.

INTRODUCTIONS

Testifying for the Service today will be its Director, Mr. Frank Dunkle, and the Assistant Secretary for Fish and Wildlife and Parks, Mr. William Horn.

We welcome everyone here today. First, I'd ask the ranking member here of the committee, Senator Stevens of Alaska, if he has any comments or remarks.

Senator STEVENS. No; thank you very much, Mr. Chairman. I'm just here to hear the statements.

PREPARED STATEMENTS

Senator REID. If you, Mr. Dunkle, would introduce your associates at this time and ask each of the regional directors to introduce themselves, including a brief summary of their region in terms of States, employment, and budget, we'll proceed directly to questions.

As is our custom, we will insert your complete statements in the record at this point as if delivered.

[The statements follow:]

STATEMENT OF WILLIAM P. HORN

Mr. Chairman, I appreciate this opportunity to appear today and participate in this hearing on the budget request for the U.S. Fish and Wildlife Service. I would like to take this opportunity to briefly outline some of the priority program activities the Fish and Wildlife Service continues to pursue.

Thanks to the special efforts of the Congress, the Fish and Wildlife Service has a new tool -- from the Emergency Wetlands Resource Act -- to assist in the stewardship of wetlands and other wildlife resources. The Act grants the Service the authority to collect entrance fees at National Wildlife Refuges in much the same way that entrance fees have historically been collected at National Parks. A highly positive feature of this legislation is that 100 percent of the revenues generated will remain with the Service, to be used either for acquisition of wetland habitat or the operation and maintenance of the refuge where the fee is collected.

The Service has applied the criteria outlined in the Act, and today is collecting entrance fees at 15 refuges. Fees will be initiated at another 22 refuges by the end of this fiscal year, making a total of 37, which receive the full benefits this new program affords. This authority to collect entrance fees, combined with the increase in the price of the duck stamp, is an important element in our effort to preserve the nation's migratory bird resources and the wetland habitat upon which they depend.

Our projects for 1988 and 1989 are estimated at $2.6 million in annual revenue, providing $1.9 million in additional funds for the Migratory Bird Fund and $700 thousand in additional funds for refuge operations and maintenance activities.

Another refuge-related matter is also of considerable importance this year. As you know, Section 1002 of the Alaska National Interest Lands Conservation Act (ANILCA) directed the Secretary of the Interior to conduct biological and geological studies of the coastal plain of the Arctic Refuge and recommend to Congress whether the area should be made available for oil and gas exploration and development.

On June 1 the Secretary transmitted to Congress the final report and his recommendation for the 1002 area -- an orderly and environmentally sound program for leasing the entire 1002 area.

Because the 1002 area is the best domestic opportunity to help reverse or reduce the decline in domestic oil reserves and production, the public interest demands that the area be made available for oil and gas leasing, with exploration and development conducted in an orderly and sensitive manner to avoid to the maximum extent possible effects on the environment.

It is appropriate to mention here the Administration's strong support of the efforts on legislation to open the ANWR coastal plain to environmentally sound oil and gas leasing. It is, nevertheless, necessary to remember that ANWR's resources belong to all Americans and the Federal revenues generated by an ANWR leasing program should go to the Treasury where they can benefit all taxpayers and serve national priorities.

A variety of resource-related studies at the Arctic Refuge were provided for in the fiscal year 1988 budget. Two million dollars are requested to continue the on-going studies of the Arctic Refuge in Fiscal Year 1989. These studies will focus on caribou migration,

evaluation of snow goose staging areas, an analysis of water quality and quantity, and fish movements along the coast of the Beaufort Sea. The extensive fish, wildlife and habitat information already available will be continually updated from these research projects. In addition, it is anticipated that the Comprehensive Conservation Plan for the refuge will be completed during this fiscal year.

Altogether, we will have a sound basis for protection and enhancement of the Arctic Refuge's fish and wildlife resources in conjunction with the oil exploration and production activities, they should be authorized as we have requested.

In addition, the Service requests $2.8 million in program increases to put "fish" back in the Fish and Wildlife Service for Klamath River Basin, Lower Snake River programs and Great Lakes trout restoration as well as fish hatchery maintenance.

The presence of contaminants on Refuges continues to receive priority attention. An increase of $1.9 million will be directed to the clean-up of six refuges. Total contaminant funding in Fiscal year 1989 for the Service is $23.9 million. This funding includes conducting assessments and/or cleanup actions on the Nation's refuges, and participation in the Department of the Interior's Irrigation Drainwater initiative as well as the Service's considerable efforts on contaminant research and development. Five hundred thousand dollars has been requested for acid rain studies to develop models using the results of data obtained for the cooperative State/Federal liming projects. In this way, we can broaden the scope of the intensive ongoing cooperative work being conducted on selected lakes and streams by expanding the study areas to include entire watersheds and associated wetlands.

Several provisions of the Food Security Act give specific legislative authority to the Service to assist applicable U.S. Department of Agriculture agencies and individual farmers in implementing the Act. In Fiscal Year 1989 the Service proposes to spend $2.4 million to take advantage of this unique opportunity to protect our nation's wetlands resources.

And, Finally, one of the most important issues the service is now addressing is the waterfowl initiatives directed toward the implementation of the North American Waterfowl Management Plan. This thrust is a major item of importance to Director Dunkle and I know that he plans to address some of its aspects in his opening statement.

This concludes my statement, Mr. Chairman. I am available to answer any questions. Thank you.

STATEMENT OF FRANK H. DUNKLE

Mr. Chairman, I appreciate the opportunity to appear before you this morning to discuss the President's proposed 1989 budget for the U.S. Fish and Wildlife Service (Service). The 1989 budget request totals $702.2 million. Although this level represents a decrease of $41 million from the 1988 appropriation of $743.2 million, we have been able to continue operating resource programs at or near their current levels. The budget proposal achieves the overall reduction by eliminating or deferring lower priority activities, limiting new land acquisition to important migratory bird habitat acquired through the Migratory Bird Conservation Fund, and by focusing construction on safety issues.

The request for Resource Management, the Service's principal operating account, is $331.9 million, which is $10.7 million below the FY 1988 enacted level. Of this decrease, just over half, or $5.6 million, is a direct result of lower projected needs for funding Federal retirement costs or FERS in FY 1989. Actual experience has indicated a need to revise the amount included in FY 1988, resulting in new estimates derived from changes in actuarial, switch rate and thrift plan assumptions. In considering the remaining decrease, funding supporting the Services' basic operations has not only kept pace with inflation but has experienced real growth of 9 percent since 1982. This request provides sufficient resources to manage and protect fish and wildlife resources on 442 national wildlife refuges, 71 fish hatcheries, 13 major research centers, and initiate operations on 11 new refuges. Within this total funding level are proposed new or expanded initiatives including: efforts directed toward contaminant clean up on six National Wildlife Refuges, restoration of anadromous fish in the Klamath River Basin, and enhancement of operations and maintenance support on refuges, hatcheries and research facilities.

I would briefly like to outline the basis for our funding request in Resource Management, by major activity.

The funding request for the Fish and Wildlife Enhancement Activity is $44.3 million. Total funding for endangered species in 1989 is $25.9 million, as compared to $30.8 million in 1988. A reduction of $4.3 million is the result of the proposed termination of the state grant program. As this program has successfully encouraged most states to be actively engaged in the preservation and conservation of threatened and endangered species, the States are able to secure alternative funding sources to continue their endangered species programs. Decreases totaling $750 thousand are requested, based on the accomplishments made in the identification of opportunities for pre-listing recovery activities and in the recovery of five endangered species.

Within the Fish and Wildlife Enhancement Activity, the request for Ecological Services is $19.5 million. This funding level supports pre-development consultation activities, including Food Security Act implementation with increased emphasis on habitat improvement assistance to landowners on Conservation Reserve Program lands. Service activities will focus on priority waterfowl habitat areas identified in the North American Waterfowl Management Plan, areas of historic wetland loss, and areas with the greatest potential for restoration. A decrease of $100 thousand is requested commensurate with the completion in 1988 of a one-year study to assess the effectiveness of Service mitigation recommendations on Corps of Engineers permits.

A total of $5.9 million is requested for the Environmental Contaminant subactivity within Fish and Wildlife Enhancement to continue investigation, assessment and amelioration of contaminant problems. The Service proposes to maintain its current level of effort, $1.2 million, during 1989 in the Department of the Interior's Irrigation Drainage effort. The Service will continue to focus on the technical aspect of determining potential impacts of irrigation drainage on fish and wildlife.

The 1989 funding request for the Refuges and Wildlife Activity is $141.7 million. This funding level provides for an increase of $1.9 million for cleanup of contaminants on six National Wildlife Refuges in 1989. Within the funding level requested for Refuges and Wildlife the Service will continue efforts for the early identification and resolution of contaminant problems on refuges, nationwide.

The request for Refuges and Wildlife also includes a proposed increase of $524 thousand for the operation of new refuges. Four new refuges were established in 1987, and it is anticipated that an additional eleven

refuges will be added to the system in 1989. To assist in offsetting some of the costs of operations and maintenance of refuges, 30 percent of refuge entrance fees will be available. Collection of entrance fees began on eight refuges in September 1987. The 1989 budget request anticipates total collections of $2.6 million occurring on 37 designated national wildlife refuges in 1989. The FY 1989 budget proposal provides for a continued funding level to support implementation of the North American Waterfowl Management Plan, and an increase of $500 thousand for presuppression activities in an effort to reduce the number and intensity of wildfires on refuges.

The Service is requesting a total of $21 million for law enforcement activities in 1989. This funding level will provide for a special agent force consistent with staffing levels in 1988, and continuation of enhanced law enforcement efforts in the southwest and Caribbean. Construction of the National Fish and Wildlife Forensics Laboratory in Ashland, Oregon, is scheduled to be completed in August of 1988. This state-of-the-art laboratory will support the identification of wildlife parts and products for the Service and State law enforcement agencies.

The total funding request for the Fisheries Activity is $40.1 million. The 1989 budget proposal includes an increase of $1 million to initiate development of a multi-agency restoration program with the Bureau of Reclamation and the Bureau of Indian Affairs for the anadromous fishery resources of the Klamath and Trinity Rivers. This effort is authorized by the 1986 Klamath River Fish and Wildlife Restoration Act (Public Law 99-552). The Secretary has delegated the responsibility for administration and coordination of the multi-agency restoration program to the Fish and Wildlife Service.

The 1989 budget estimate also proposes that $1.3 million for the operation of fish hatcheries and fishery assistance offices on Indian tribal lands, which were transferred to the Service in the 1988 appropriations act, be returned to the budget of the Bureau of Indian Affairs (BIA) in FY 1989. Because Indian tribes have expressed an interest in operating these hatcheries under self-determination contracts, the Department believes that BIA should fund these stations. The BIA can continue to fund these stations through a cooperative agreement with the Fish and Wildlife Service. An increase of $250 thousand is requested for enhanced production of Great Lakes lake trout, and a reduction of $165 thousand is requested, based on the completion of nutritional studies for optimal trout and salmon survival at Hagerman Field Station. In order to support the highest priority maintenance needs, the 1989 budget request includes an additional $1.2 million for the National Fish Hatchery System.

The 1989 request for Research and Development totals $55.3 million, a reduction of $3.9 million from the FY 1988 enacted funding level. A $1.1 million decrease is requested as the national plan for contaminant monitoring will be completed by the Idaho National Engineering Laboratory in 1989. An increase of $500 thousand is requested to enhance research efforts related to acid precipitation. An additional $500 thousand is requested for maintenance of research facilities in 1989. This increase would enable the Service to complete needed rehabilitation and repair projects at research centers and field stations.

Significant accomplishments have been made in 1988 related to marine mammal research, thereby allowing the Service to request a $650 thousand decrease in marine mammal research in Alaska. A reduction of $565 thousand is also being sought to discontinue nonessential information transfer and reference service activities.

The Service will continue studies to develop baseline information and guidelines for proposed exploration and development of oil and gas reserves

on the Arctic National Wildlife Refuge at the 1988 enacted level of $2.0 million. Studies will focus on fish migration and habitat variables in the area from Prudhoe Bay east to the Mackenzie River, habitat losses and impacts on caribou and related species, waterfowl staging and migration requirements, and water quality and quantity availability.

Continuing with funding for Resource Management, funding for the Cooperative Fish and Wildlife Research Units will continue at the 1988 enacted level. In 1989, the Service will continue to operate Cooperative Research Units at 37 universities in 35 states.

The Resource Management Appropriation also provides for the overall administration of Service operations. The 1989 funding request for General Administration totals $50.6 million, reflecting increases totaling $625 thousand for funding the Service's financial and accounting/payment system, and for consolidation of the Washington Office in one location. Funding adjustments are also included for fixed costs items, such as: postage, payroll system, worker's compensation, and the Federal Telephone System.

Other appropriations within the Service include Construction (and Anadromous Fish), Migratory Bird Conservation, Land Acquisition, National Wildlife Refuge Fund, Federal Aid in Sport Fish Restoration, and Federal Aid in Wildlife Restoration. I will highlight Service initiatives in each of these accounts.

The 1989 Construction request of $7.6 million includes $7.3 million for activities related to dam safety. Dam reinspections, which are required by the Federal dam safety program, are funded at $340 thousand. A total of $7.0 million will be directed toward the correction of dam safety deficiencies at five high or significant hazard dams. Also included in the construction funding request is $234 thousand for the construction of buffalo and longhorn corrals, which are needed for the protection of refuge employees at Wichita Mountains National Wildlife Refuge.

In 1989, the Migratory Bird Conservation Account is expected to comprise $29.4 million in revenues. Receipts available from Duck Stamp and miscellaneous receipts are estimated at $17.5 million, and an additional $10.0 million is expected to be available from import duties on arms and ammunition. Entrance fees collected at National Wildlife Refuges are projected to provide $1.9 million to the Migratory Bird Conservation Account, in accordance with the Emergency Wetlands Resources Act of 1986. Revenues in this account are available for acquisition of important breeding areas, migration resting places, and wintering areas. A total of 41,600 acres are proposed for acquisition in 1989.

The 1989 budget request for the National Wildlife Refuge Fund will provide $9.2 million for payments to counties in lieu of taxes. Current appropriations of $5.6 million are requested to supplement the $3.6 million of net availability from the collection of receipts for activities on refuge lands, including, grazing, forest products, and oil and gas development.

The Service request for Land Acquisition does not include funding for new acquisitions, but includes $1.9 million for Acquisition Management. This funding level will allow the Service to complete acquisitions with prior-year appropriations and pursue alternatives to acquisition, including, exchanges, easements and donations.

Receipts available in 1989 in the Federal Aid in Sport Fish Restoration Account are expected to be almost $195.0 million, an increase of $33.7 million from the 1988 level. In the three years since the passage of the Wallop-Breaux Amendment over $400 million has been distributed to the

states. This is almost as much as had been apportioned to the states ($467 million) during the proceeding 33 years. The Amendment has triggered an escalation in State activities in both fresh water and marine fisheries and resource development, boating access, and associated recreation. The proposed 1989 funding for program administration and special projects is $11.7 million, consistent with Congressional directives to maintain relative administrative funding at 1986 levels.

Anticipated funding available in the Federal Aid in Wildlife Restoration Account for 1989 is $119.0 million, an increase of $3.9 million over the 1988 funding level. Funding from this account is distributed to states, Puerto Rico, Guam, the Northern Marianas Islands, and the Virgin Islands for approved wildlife restoration projects, including, acquisition and development of land and water areas, wildlife management research, and approved hunter education programs.

During 1987 the Federal Aid in Wildlife Restoration Act passed its 50th anniversary. To review accomplishments of this highly successful program, the Service released a movie and a book. Both have received national honors.

The 1989 request for administrative and special project funding within the Wildlife Restoration Account is $9.5 million. This reflects an increased funding of $4.3 million when compared to the 1988 funding level. This funding supports the national survey, a library reference service and other projects which directly benefit states.

In summary, the 1989 request for appropriations of $347 million, in addition to the available permanent funds of $355.3 million, provides the Service with sufficient funding resources to address national fish and wildlife resource priorities.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you may have.

INTRODUCTION OF ASSOCIATES

Mr. DUNKLE. Mr. Chairman, would you like me to introduce each of my staff?

Senator REID. Please.

Mr. DUNKLE. I have the Deputy Director with me, Mr. Steve Robinson, the Assistant Director for Policy, Budget and Administration, Mr. Joe Doddridge. With him is the Service's budget officer, Mr. Jim Leupold.

The assistant directors with me are: the Acting Assistant Director for Refuges and Wildlife, Mr. Marvin Plenert.

For fisheries, the Assistant Director, Mr. Gary Edwards.

For fish and wildlife enhancement, Mr. Ron Lambertson.

Then there is Mr. Smith, who is the regional director for research and development; Mr. Walter Stieglitz, the regional director for region VII in Anchorage, AK.

REGIONAL SUMMARIES

Senator REID. I wonder if we could have each of the regional directors, as I indicated in my earlier statement, if we could ask them to stand. And if they would, either you or the directors themselves, I think it would be of help to us if they would make a very brief summary of their region.

Mr. DUNKLE. I'll start backward then and start with No. 1 instead of eight, the way I started before.

Mr. Rolf Wallenstrom, regional director for region I, Portland, OR.

Mr. WALLENSTROM. Region I is the Western region of the country. I have six States, including Nevada, Idaho, Oregon, Washington, California, Hawaii, and the Pacific trust territory.

My operating budget this year is $42,642,000, and I have about 686 employees. Other funding totals about $28 million and 198 employees.

Mr. DUNKLE. Mr. Michael Spear, regional director for region II, Albuquerque, NM.

Mr. SPEAR. Mr. Chairman, I'm Southwest regional director. We have four States: Arizona, New Mexico, Oklahoma, and Texas. Approximately $24.5 million is our operating budget, with 476 FTE's. We have another $21 million of construction and land acquisition funds.

Mr. DUNKLE. Mr. James Gritman of region III, Twin Cities, MN.

Mr. GRITMAN. In the North-Central region, we have eight States: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin, with an operating budget of $27.5 million and 534 FTE's. Other funding totals about $12 million and 158 FTE's.

Mr. DUNKLE. Mr. James Pulliam, regional director for region IV, Atlanta, GA.

Mr. PULLIAM. I have the Southeastern United States: North Carolina, Kentucky, Arkansas, and Louisiana plus the States south and east, including Puerto Rico and the Virgin Islands. We have an operating budget of about $38 million, and roughly 800 people. Other funds provide an additional $28 million and 98 FTE's.

Mr. DUNKLE. Mr. Howard Larsen, regional director for region V, Boston, MA.

Mr. LARSEN. The Northeast region of the country, comprised of 13 States, from Maine to Virginia and including the District of Columbia. We have an annual budget of somewhat in excess of $27 million in resource management funds, with about 544 full-time equivalents. Another 106 people and about $54 million are involved in other kinds of activities including grants to States.

Mr. DUNKLE. Mr. Galen Buterbaugh, the regional director for region VI, Denver, CO.

Mr. BUTERBAUGH. Mr. Chairman, I'm regional director of the Rocky Mountain region, which includes eight States: North Dakota, South Dakota, Kansas, Nebraska, Montana, Wyoming, Utah, and Colorado.

We have a budget of roughly $30 million in operations, $12 million in land acquisition and other activities. We have about 722 FTE's.

Mr. DUNKLE. Mr. Walter Stieglitz, who is the regional director for region VII, Anchorage, AK.

Mr. STIEGLITZ. Region VII consists of the single State, Mr. Chairman, but it is a mighty big State and a mighty fine State, I might add.

Our budget for 1989 is projected at $29.8 million and we have a total of 403 FTE's assigned to the region.

Mr. DUNKLE. Mr. Richard Smith, regional director for region VIII research and development, Washington, DC.

Mr. SMITH. The region covers North America, 13 research centers, a budget of roughly $60 million and 964 employees.

Senator REID. That's been most helpful to me, a breakdown as to where the people—employees—and what the various budgets of the various regions are.

We appreciate that very much.

CONGRATULATIONS ON BUDGET

Let me begin by congratulating you on the budget estimates submitted for fiscal year 1989 for the Fish and Wildlife Service.

I've been told by staff and others that is the best proposal we've received in recent years; because the continuing resolution was just completed in December, and because the budget proposal so closely resembles the program funded in the continuing resolution.

I won't go into detail at this time, but as might be expected, I do have a few questions.

I have a problem, however. If you, Senator Stevens—do you want to ask some questions now?

Senator STEVENS. I'm just here for the statements.

Senator McClure might.

Senator REID. Do you have a statement, Senator?

Senator MCCLURE. I have no statement at this time.

ELIMINATION OF STATE GRANTS

Senator REID. Then we'll proceed with the questions.

One of the policy issues raised by the budget estimate is the proposed elimination of State grants in support of the endangered species program.

Is there any doubt in either of your minds, both of you there, is there any doubt as to whether the State Grant Program is a rational and efficient way of attack to the problem of endangered species?

Mr. HORN. Mr. Chairman, let me start first by saying that the State Grant Program has worked and worked successfully. However, in looking for places to allocate cuts in order to meet the deficit reduction targets, we took a generic approach on State grant programs, and have asked for zero funding for the Endangered Species State Grant Program, the Anadromous Fish Program, and the Alaska Subsistence Grant Program. Our thinking is that, in a time of budget reductions, our need to pass dollars through to the States has diminished and that's a better place to take a cut than to cut back on some of our own operational programs.

I would also add that this particular endangered species program was zero-funded in fiscal year 1982, with no apparent adverse consequences for the program. Based on our ability to zero fund it in that timeframe, we have again proposed it for zero funding in this timeframe.

I would say, however, that this does not reflect any idea that this is a bad program. It's just that it is not a sufficient priority to fund, given the deficit reduction targets we're trying to meet.

Senator REID. If the Congress can afford to add the State grants above the President's budget, would both of you support the work that would be done as a result?

Mr. DUNKLE. If the Congress sees in their wisdom to put forth a budget for the section 6 or State grants in endangered species, yes, there are many projects that should and would be funded with that money.

Again, because of the deficit, we have not asked for that funding.

CUI-UI

Senator REID. Turning to more specific questions, Congress added $135,000 in the continuing resolution for the cui-ui fish lifting facility on the basis that the Marble Bluff Dam and fish passage facility on the Truckee authorized under the Washoe Act and constructed in 1975 did not properly trap and lift Lahontan cutthroat trout and cui-ui over the dam in their migration to upstream spawning areas.

Could you bring me up to date on the status of that work?

Mr. DUNKLE. Mr. Chairman, I ask the Deputy Director to handle that question.

Senator REID. Please, an old Nevadan should know how to answer that question.

Mr. ROBINSON. It's the bane of my existence back here, Mr. Chairman, but I'll try.

As you know, we've been working on the cui-ui for sometime now, going back to the O'Callaghan administration. The $135,000 added in fiscal year 1988 to correct deficiencies in the fish lift at the Marble Bluff Dam is just a part of what we're involved in. We also have $120,000 to study population dynamics and waterflow requirements. That is one way we might be able to exercise some water conservation there.

DREDGING AT MARBLE BLUFF

Work on the fish lift is going to be completed this spring. In addition, we are planning to look at the possibility of opening up that delta by dredging to allow the fish to reach the lift; however, it does not appear that there will be adequate water above Marble Bluff this year to provide for successful migration and spawning.

That part is an experimental project; it is from fish hatchery funding and does not come out of the endangered species funding.

Senator REID. Now is this what you're talking about, this dredging, there's two different areas that we're talking about to be dredged? One is as it relates to the dam and the line of fish passage. And the other is related to the Pyramid Lake itself.

You're talking now about the dam, are you not?

Mr. ROBINSON. There is the dredging project across the delta, of which I am speaking, and also some excavation work immediately below the fish lift to clear the entrance.

Senator REID. That's on this $135,000 study. Is that what you're talking about?

Mr. ROBINSON. Yes; the dredging and the corrections to the fish lift. Because of the water conditions this year, we're going to have to wait until next year to complete the dredging, although we plan to obligate the funds this year.

Senator REID. The Corps does have a permit to begin dredging, do they not, on this fish?

Mr. ROBINSON. No; we do not have a permit from the Corps, but after we have designed the dredging program and a method to evaluate the dredging, then we will work with the Corps to get the required permits.

Senator REID. The Truckee River, Pyramid Lake cui-ui population, I am told by certain people, may be in jeopardy. Apparently, the adult population is comprised largely of a single year, that being 1969. These fish spawn for long periods of time, is that not right?

Mr. ROBINSON. That's true, yes.

Senator REID. But, the fact that 1969 is the year, what implication does that have for the future survival of the species if that is the predominant year?

Mr. ROBINSON. It makes the species very vulnerable to drought. What we have been trying to do is stimulate other classes for the future now that this 1969 class is losing its productivity. They're going to be dying off.

When we have a high-water year, we can get some fish out, have them spawn, and produce as many new classes as possible. That way when we do have a drought, particularly a drought over a span of 3 or 4 years, the species can withstand the drought situation.

We don't have that situation of several classes now. We don't have any flexibility in the system.

Your comment about them being at jeopardy is absolutely correct. There is no question that they are endangered.

Senator REID. It's also true, is it not, that there are some people talking about there being a drought now in this area, or the beginning of one?

Mr. ROBINSON. Yes, Mr. Chairman; in fact, in all likelihood, we will not see a cui-ui class of 1988 because of a lack of runoff.

Senator REID. Is there a time for us to consider additional research to correlate the river flows and spawning success?

If so, how?

Mr. ROBINSON. Well, we do that on a yearly basis in cooperation with the Bureau of Reclamation. We're going to be engaged in the next 5 years in just that kind of activity using $100,000 from endangered species recovery funds. There's a lot we don't know about the cui-ui.

Senator REID. Is there any change in the 1989 budget for this type of research?

Mr. ROBINSON. Not specifically, no. There is no funding change specifically for that species other than the $135,000 that we're talking about.

Senator REID. If we wanted to accelerate this work, this research, how much would we need and how would we implement the research?

Mr. ROBINSON. Mr. Chairman, I don't know if money is the answer here. I have been dealing with the issue for a few years now, and I think it is going to take some time. We could certainly do more research. We could always do more.

I think the level of interest, attention, and resources into the species, is very intense. We've got three agencies within Interior working on it—the Under Secretary and the Secretary have created a task force specifically to look at this issue and make recommendations.

I think the level of activity and the level of attention paid to it has been greater than in the past.

Senator REID. So you feel that your agency has sufficient resources to study what is needed to protect or preferably recover species that are currently considered endangered.

Mr. ROBINSON. Mr. Chairman, I think we have enough resources to study it. I don't know what the outcome of the research is going to be, and what those recommendations would be. I couldn't commit to whether we can fix the problem.

I think we've got enough resources to study it and come up with some answers in a couple of years.

Senator REID. Would outside expert advice be useful involving plans to protect and recover endangered species?

Mr. ROBINSON. Outside advice is always welcome and accepted and considered. What we attempt to do, or what the law tells us to do is make considerations based on biology. Our biologists, the Fish and Wildlife Service employees, are using their best scientific judgment.

The recovery planning process takes into account comments from everyone who cared to comment.

Senator REID. The table on page 65—and by the way, thank you for that information. We may have some other questions that we can get back to on this.

NEW REFUGE FUNDING

The table on page 65 indicates that $1 million and nine employees were transferred from refuge maintenance to refuge operations to enhance base staffing and operations support for new refuges.

Why was this transfer proposed? That's page 54.

Mr. DUNKLE. Jim Leupold has the response.

Senator REID. If you would also, it would help the court reporter if you would give your name.

Mr. LEUPOLD. My name is Jim Leupold. I'm the Service's budget officer. Last year, Congress appropriated $1 million for operation of new refuges. But, in the configuration of the numbers, the operations funds were put under maintenance.

We've just tried to make the correction in this year's budget.

Senator REID. That's all it is?

Mr. LEUPOLD. That's all it is.

Senator REID. Well, if more money is needed for operations, you would acknowledge it should be requested in the budget then in the future?

Mr. LEUPOLD. Yes, sir; this year, we did ask for additional operating funds for new refuges.

Senator REID. Which I appreciate that some $524,000 for operating new refuges. Now, I offer my appreciation for this proposal for a number of reasons, not the least of which is that we have new refuges established for the Moapa dace at Ash Meadows in recent years.

And I assume they will benefit from this initiative.

Is that correct?

Mr. LEUPOLD. Yes, sir; we hope to make more funds available to these refuges.

Senator REID. Would it be appropriate for the committee to consider an appropriation of about $1.5 million for operating costs and instruct the Service to retain in the maintenance budget the $1 million proposed for transferred operations?

Mr. HORN. Mr. Chairman, does this refer to the BIA hatchery transfer that we proposed?

I'm trying to figure out which transfer it is we're talking about.

Senator REID. It's still the same, page 65. The chart on page 65.

Mr. LEUPOLD. I think our answer would be that the maintenance funding requested in the budget is adequate.

STILLWATER CULTURAL RESOURCES

Senator REID. The Congress added $150,000 in 1987 in our supplemental for cultural resources work at the Stillwater Refuge and continued this work in 1988.

Could someone bring me up to date as to what the Service has done with these moneys to this point?

Mr. Robinson.

Mr. ROBINSON. Mr. Chairman, the first thing that we tried to do with those moneys, operationally with the Bureau of Reclamation that's involved in the area with us, is protect the resource.

As I understand, they put up some signs and fencing in some cases, to protect the resource from visitors such as hunters and others to Stillwater.

We still have a lot of work to do. I don't know how much. That's part of the ongoing evaluation. All I can tell you is they are finding more artifacts rather than fewer as they proceed with the investigation.

Senator REID. The next question then. Has the Service been able to recover and curate the Indian burial bones exposed previously at Stillwater? That's the reason we have an emergency appropriation, because a flood washed all these out, and we didn't realize they existed.

Mr. ROBINSON. I don't think we've actually done it ourselves, Mr. Chairman. We've contracted with the museum board out there and the State historic preservation office to do just that. They have actually done it. They're the experts.

Senator REID. It's my understanding that this work is to continue into 1989. Is that right?

Mr. ROBINSON. Yes, sir; it will and probably beyond that.

Senator REID. There are more moneys needed to continue this. Is that right?

Mr. ROBINSON. We will have to expand the resources, yes, sir.

ENVIRONMENTAL CONTAMINANT CLEANUP

Senator REID. The Service's budget includes almost $2 million—$1,900,000—to initiate cleanup of environmental contaminants on six wildlife refuges. Is any of this money going to Nevada?

Mr. LEUPOLD. No, sir.

Mr. ROBINSON. Mr. Chairman, the Stillwater Refuge and its contaminant problem is being studied by the Department in its overall investigations of contaminants and is not included as part of the contaminant cleanup on refuges.

Senator REID. That was my next question. I wish you would affirm, if you can, the practice of mining by the open water cyanide extraction, which is suspected by the Service of causing high levels of waterfowl mortality.

That's one of the studies we have.

Is that accurate?

Mr. ROBINSON. Mr. Chairman, I'll refer that to Dick Smith, our Research Director, to answer specifically.

Mr. SMITH. I'll have to say I don't know. We'll have to get back to you.

Senator REID. When might you be able to do that?

Mr. SMITH. I think they've got the wrong man standing in front of you on this specific issue. I can't tell you.

Senator REID. Would you go find the right one for me?

Mr. SMITH. Region I may be able to shed some light on that.

Mr. DUNKLE. The director from region I, Mr. Chairman.

Senator REID. Just so everyone understands the background, we've had thousands and thousands of waterfowl dying. One of the explanations given was that there was mercury in the water, and arsenic in the water, and cyanide in the water. Lots of different reasons.

CYANIDE PROCESS OF EXTRACTING GOLD

Mr. WALLENSTROM. One contaminant problem is the cyanide process of extracting gold. Is that what you're interested in?

Senator REID. That's what I asked specifically, yes.

Mr. WALLENSTROM. About 1 year ago, we found a waterfowl kill of about 800 birds over a 3-month period on one of these cyanide ponds. I believe the pond size was around 20 acres. We have been working with the owners of the pond to reduce the cyanide levels and to monitor the situation.

We've been asking for monitoring reports on all the ponds that we know about. This particular dieoff occurred in Nevada. We think the same thing is likely to occur in Idaho and Oregon as well.

Senator REID. Have you included any funding in your 1989 budget request to address these problems?

IRRIGATION DRAINAGE

Mr. HORN. Mr. Chairman, we are addressing the question of contaminants and the side issue of irrigation drainage problems in a number of areas of our budget. We have our own contaminant review program within the refuge account, which is part of our survey of our 400 plus units in the refuge system, to identify those units where we have contaminant problems and then get them studied to the point where we can then request dollars to engage in specific cleanup.

As you mentioned earlier, we've got a $1.9 million request for refuge cleanup activities. That's phase one.

We are also part of a departmental effort in concert with the Bureau of Reclamation and the U.S. Geological Survey in what's called our Irrigation Drainage Program. This program is reviewing, on a westwide basis, the areas where runoff from irrigation practices may be causing problems.

Kesterson is probably our most infamous and noteworthy case of that irrigation drainage activity. It's also responsible for much of the work and studies that we're doing in relationship to Stillwater.

My recollection is that that program is being funded in 1988 by the Fish and Wildlife Service, Geological Survey, and Bureau of Recla-

mation to the tune of approximately $3.6 million. With the Bureau of Indian Affairs included in the 1989 request, the total is $4.2 million.

Those are two major activities that we're involved in that relate to contaminants, both on refuges and then as part of this overall Irrigation Drainage Program within the Department as a whole.

Senator REID. Do you feel there are sufficient funds in your request to take care of this?

Mr. HORN. Yes; in other words, it's on a reconnaissance basis. We try to go out and assess the problems, engage in a reconnaissance study. Once we have identified and ascertained that there is some problem, we initiate a second level of work to try to pin down exactly the cause of the problem.

At Stillwater, we're at the second level. We know there's a problem, but there's debate on whether it's salt concentrations, arsenic, or cyanide or what.

We then engage in that second level to try to pin down precisely the problem. Once we've pinned it down, we then come back and ask for cleanup dollars. This year we've got money in the budget for cleaning up specific refuge problems. We're presently working on how to allocate the costs for cleaning up Kesterson when we've identified specific problems.

SITE SPECIFIC CONTAMINANT CLEANUP

Senator REID. We have determined in your budget justifications this year that the contaminant problems that you're now working on, the six that you've mentioned, are in Illinois, Pennsylvania, New Jersey, New York, Virginia, and North Carolina.

Nothing related to the western part of the United States. You did indicate that you have some studies going on in the western part of the United States. What's here is the actual cleanup that's taking place.

Is that right?

Mr. HORN. For the $1.9 million, it's that six. We also have cleanup going on at another 9 or 10 units that were identified 2 years ago.

Senator REID. Any of those in the West?

Mr. HORN. A couple of those are in California. Obviously, we've got Kesterson. That is the responsibility of the Bureau of Reclamation right now. Basically, they are carrying the responsibility for providing the cleanup moneys. In other westwide circumstances, we are at this reconnaissance level.

We haven't sufficiently identified the sources of our problems to such a degree that we can say we need to clean up *x* contaminant at *y* location, and we need the following amounts of money to do it.

Senator REID. Is any of your attention being given to the problems that relate to irrigation?

You mentioned Kesterson. Are there others?

AREAS OF IRRIGATION DRAINAGE PROGRAM

Mr. HORN. We've got this entire Irrigation Drainage Program. It's funded in 1988 by the Geological Survey, the Fish and Wildlife Service, and Bureau of Reclamation, and is looking at 19 areas across the West in an attempt to identify the level of the problems, if any.

If we do identify a problem, the next step is to locate the exact source of the problem and what needs to be done to correct it.

Senator REID. When do you think that study might be completed?

Mr. HORN. As I said, they're in this reconnaissance mode. I would have to get the research people to tell you where we are in the different 19 areas. Some are farther along than others.

I know for a fact that Stillwater is one of our highest priority areas. I think Imperial Valley in California has been a major area we've looked at. Obviously, Kesterson and the San Joaquin Valley are high priority areas.

Those, from where I sit, are sort of the top ones on the list.

Senator REID. Would you have them made part of this record? Give us that information and supply that to the committee.

Mr. HORN. Yes, sir.

[The information follows:]

IRRIGATION DRAINAGE

The 19 western areas currently included in the Department of the Interior's Irrigation Drainage Program are listed below. Of these, 13 are on Fish and Wildlife Service lands. Three activities are ongoing under this departmental effort: (1) field screening studies which constitute reconnaissance level efforts; (2) detailed studies which are in-depth investigations that address the severity of impact and provide information to make cleanup determination; and (3) long-term monitoring.

Reconnaissance level investigations initiated on nine sites in fiscal year 1986 have been completed. Of the nine sites completed, four are beginning detailed studies; four have been recommended for long-term monitoring under existing departmental monitoring programs; and, one site study is being conducted under the San Joaquin Valley Drainage Program. The 10 other sites entered reconnaissance phase in 1988.

Site and State	Refuge	Status
Lower Colorado, Arizona and California.	Imperial/Cibola/havasu NWR's	Long-term monitoring.
Milk River, Montana	Bowdoin NWR	Long-term monitoring.
Sun River, Montana	Benton Lake NWR	Long-term monitoring.
Laguna Atascosa, Texas	Laguana Atascosa NWR	Long-term monitoring.
Kendrick, Wyoming	None	Detail study.
Middle Green River, Utah	Browns Park/Ouray NWR's	Detail study.
Salton Sea, California	Salton Sea NWR	Detail study.
Stillwater, Nevada	Stillwater WMA	Detail study.
Tulare Lake Basin, California.	Kern/Pixley NWR	Detail study under San Joaquin Valley drainage.
Upper Sacramento, California.	Sutter/Butte Sink/Colusa Sacramento/Delevan NWR's.	Field screening study.
Gunnison River, Colorado	None	Field screening study.
Middle Arkansas, Colorado and Arkansas.	None	Field screening study.
American Falls, Idaho	Bear Lake NWR	Field screening study.
Malheur, Oregon	Malheur NWR	Field screening study.

Site and State	Refuge	Status
Klamath Basin, California	Lower Klamath/Tule Lake NWR	Field screening study.
Middle Rio Grande, New Mexico.	Bosque del Apache NWR	Field screening study.
Angostura unit, South Dakota.	None	Field screening study.
Belle Fourche project, South Dakota.	None	Field screening study.
Riverton, Wyoming	None	Field screening study.

ASH MEADOWS ACQUISITION

Senator REID. Let's talk a little bit about land acquisition. I'm wondering. I understand you aren't finished yet with the Land Acquisition Program at Ash Meadows. Are we able to complete acquisition in 1989 if Congress were able to supply the needed funding?

Mr. DUNKLE. I will ask the regional director from region I.

Mr. WALLENSTROM. Mr. Chairman, Rolf Wallenstrom, region I.

Mr. Chairman, the money for road relocation is in escrow. We are working on it. As soon as we complete negotiations, we will make the acquisition.

Senator MCCLURE. Mr. Chairman, might I ask one question? Is that no year money that will be carried forward?

Mr. WALLENSTROM. That's my understanding.

Senator MCCLURE. So there will be no need for any further action to fund that activity, assuming that the money put in is adequate?

Mr. WALLENSTROM. That's my understanding as far as the road relocation is concerned.

Senator REID. Senator McClure.

Senator MCCLURE. Thank you very much, Mr. Chairman.

Mr. Secretary, Mr. Director, I want to thank you for your testimony today and your willingness to work with members of this committee on a number of matters that are extremely difficult.

SETTING BUDGET PRIORITIES

I would note also that you are here presenting a budget that is the result of the budgetary process within the executive branch. And I know, Mr. Secretary, you fully support it.

That's a part of the process I think we all understand. I think we would all understand, too, that your own personal sense of priorities might be different in the overall budget, just as members of this committee may have a different sense of priorities with respect to the overall budget.

We're not going to try to make your life more difficult by asking you how you would improve upon the work of the Office of Management and Budget because they're there by Executive order to improve your work. We understand that, too.

We will from time to time during the year perhaps express a different sense of priorities, both within the allocation between your Service, your branch of Government, and that of other branches of Government.

But I think it is well to note that the Budget Summit Conference of last year, which was the leadership of the Senate and the House of Representatives and members of the executive branch that set overall spending limits set some very severe constraints.

So it isn't a question of how many dollars will be spent overall, but that was the 2-year agreement. And I expect the Congress will adhere to that agreement just as the executive branch has to the presentation of the budget.

But there are within that budget conference results plenty of opportunities for a myriad of debates over exactly how that money should be spread.

And I would be remiss if I didn't say at this time that I think, in some areas, your activities have been reduced more than I would have, and more than I will try to accomplish.

Overall, I think your budget document is a very responsible one given the restraints under which you work. And I commend you for having made some admittedly hard priority choices, because there are some omissions in your activities that others will be quick to point to which are occasioned by the necessity of setting priorities.

And I respect the honesty of your viewpoint with respect to the priorities that you have set, exercising your judgment as to how the available money should be spent.

There are already some differences emerging and I don't know how far they will go this year.

ARCTIC NATIONAL WILDLIFE REFUGE

Mr. Secretary, I note on page 2 of your statement that you make some reference to the distribution of moneys from ANWR, when and if moneys are generated from ANWR.

As you know, the Committee on Energy and Natural Resources in the Senate has already come to a different conclusion. And I know that you are watching that and will have some input as that matter goes forward to the floor of the Senate, hopefully, through the House of Representatives.

And if we are successful, areas under your responsibility will receive some increased funding—not immediately because, certainly, no matter what we do, we'll not generate funds in 1989. We'll generate expenditures, but not income.

So we look forward to that, too, as something that might enhance the opportunities for fish and wildlife management for conservation and for other activities identified by the committee.

But those will occur in 1990 and the years beyond.

I am concerned with a number of areas. Obviously, just as you set priorities, I set priorities on my time. I will submit a number of questions for response in writing rather than take the time to ask them in full right now.

Let me ask at least a few of them.

PRELISTING ACTIVITIES

You have requested a reduction of $250,000 for fiscal year 1989 in prelisting activities. That is on page 32; $250,000 below the fiscal year 1988 enacted level.

The justification seems to indicate that funding for prelisting recovery activities would come from fiscal year 1988 funds.

Is that an accurate reading?

Mr. DUNKLE. I would like to have Mr. Lambertson answer that.

Mr. LAMBERTSON. Senator, the $250,000 was added by Congress last year. The intent of that funding was to take opportunities that exist on existing Federal lands—Forest Service lands, BLM lands, et cetera—and find opportunities to fund the protection of candidate species prior to their being listed.

We figured that was a one-time effort. The money has been allocated in the regions. They are looking for those unique opportunities where another Federal agency with a small expenditure of funds can protect the species without going through the entire listing process. That is the purpose of that money.

Senator MCCLURE. I understand that, but let me ask this question.

Has that money been spent? If so, for what?

Mr. LAMBERTSON. That is money in the 1988 budget, so it has just been allocated to our regions. They are in the process right now of setting their priorities, identifying with other agencies where it might be spent. It is just now being obligated.

Senator MCCLURE. Do you anticipate that it will be all obligated and spent?

Mr. LAMBERTSON. Yes, certainly.

Senator MCCLURE. As you indicated, that is a one-shot effort. Unless Congress does something more about it to make it available in the future, it will still be a one-shot effort.

Mr. LAMBERTSON. That is correct, sir.

Senator MCCLURE. Thank you.

CONSULTATION

The anticipated workload for formal and informal consultation assumes an increase of 13 percent and 21 percent, respectively, over the fiscal year 1988 level. The budget request for fiscal year 1989, however, requests level funding for the consultation program.

How can you justify to me that the program has enough slack to handle an increase of this magnitude?

Mr. DUNKLE. I will ask Mr. Lambertson.

Mr. LAMBERTSON. I am Ron Lambertson, Assistant Director for Fish and Wildlife Enhancement.

Senator McClure, the situation is that there is no doubt that consultations are increasing. We have done two things to respond to those increases.

We have, I think, become more efficient. Our field people are becoming better equipped to work with other Federal agencies and paid consultants to solve these problems. They can do it with less effort.

The other, very frankly, is I think they are decreasing some recovery and listing efforts in order to accommodate the section 7 consultations. There is no doubt that when we get a formal request for section 7 consultation, an employee who might have three or four levels of responsibility, some for listing, some for recovery, and some for consultation, will take that consultation requirement as the highest priority because it does have timetables built in by law.

So I think to some extent they are readdressing their priorities away from listing and recovery to address some of the increased consultations.

INCREASED CONSULTATION WORKLOAD

Senator McCLURE. So you, in effect, are telling me that there is that increase in workload that will absorb this amount of increased funding, is that correct?

Mr. LAMBERTSON. There is no increased funding. It is level funded.

Senator McCLURE. It is level 1988 over 1989, but it was a big increase 1988 over 1987?

Mr. LAMBERTSON. That is correct, sir.

Senator McCLURE. That would indicate, would it not, that there was consultation that was not done prior to the increase in funding for 1988?

Mr. LAMBERTSON. I would say that the consultation that was done was probably at the expense of listing efforts and some recovery efforts.

Senator McCLURE. Is the money that was provided in 1988, which is requested for 1989, adequate to meet both needs?

Mr. LAMBERTSON. Yes, sir; if we set priorities and recognize that some work, such as listing and recovery, probably will be decreased to accommodate increased consultations.

Senator McCLURE. Then you would be indicating that you need even more money for consultation?

Mr. LAMBERTSON. That is what the regions are telling me, yes, sir.

Senator McCLURE. The regions are telling you they just have so many demands for consultation they can't get their other work done?

Mr. LAMBERTSON. They are indicating that in some cases they have shifted priorities in order to address those increased requests for consultation.

Senator McCLURE. Thank you.

Mr. DUNKLE. Senator, if I may, I would interpret just a little bit of what Mr. Lambertson said. We, too, must then consider priorities of work, when there is a certain amount of money available. By law, when a section 7 consultation is requested, we have to answer to that.

So it becomes a high priority. So something drops lower. When the money runs out, that is when the priorities end. At this point, with the funds available under the budget, we have to do that allocation in the field and within the discretion and the priority requirements that we have.

It is an ongoing thing, but we still have to make those decisions on a field level as to how to expend that money.

RECOVERY PROGRAM

Senator MCCLURE. If I can turn for a moment to the recovery program.

You proposed a decrease of $500,000, or 7 percent, for 1989. This decrease is applied to only five recovery programs—the peregrine falcon, the Aleutian Canada goose, the piping plover and sea turtles, and the Aleutian shield fern. While the reduction for the program in total is only 7 percent, it totals 33 percent for these five programs.

How were these five recovery actions selected for reduction?

Mr. LAMBERTSON. Senator McClure, in every case the proposed reductions were congressional addons, so when it came to setting priorities it was our view that those areas in which we had not requested funds were generally lower priorities than those areas that we had requested funds.

Senator MCCLURE. That is familiar up here. Whatever we suggest has lower priority. We are used to that. [Laughter.]

Mr. LAMBERTSON. The suggestion, though, is that using our own priority ranking system, we felt that these were the areas that would best accommodate some reductions.

Senator MCCLURE. Would it surprise you if maybe we disagreed again?

Mr. LAMBERTSON. That is possible.

Mr. DUNKLE. Please understand, Senator, that your priorities are of the highest level until we run out of money.

Senator MCCLURE. Ours are the highest priority until you send your next budget up. [Laughter.]

Then they become the lowest priority again, and we have a little tug of war.

THE PEREGRINE FUND

What private sources have you identified to make up the $300,000 in the Peregrine Falcon Program?

Mr. LAMBERTSON. Senator McClure, as you know, it was primarily our contribution to the peregrine fund in the Boise area. It has been our feeling all along that the peregrine fund has done an outstanding job on the peregrine falcon.

As a matter of fact, on the east coast we have declared total success now, and we are no longer releasing peregrines in the East. That is why they have moved to your area.

However, we feel that the peregrine fund has the capability from other sources to come up with funding to continue their program. We recognize it is very important. We also recognize that there are lots of other corporations and foundations that are making contributions to the peregrine fund. We think because of that, we can take a reduction in this area.

Senator McCLURE. Have you identified those sources by name or by amount, or is that kind of a generalized statement—hey, they are doing pretty well, we don't have to?

Mr. LAMBERTSON. It is a generalized statement. However, the annual report of the peregrine fund does set forth the contributors and the amount of the contribution.

Senator McCLURE. So you are expecting them to do again next year what they have been able to do thus far, and you will depend on that?

Mr. LAMBERTSON. That certainly has been the case in the past, sir.

Senator McCLURE. Do you expect it to be the case in the future?

Mr. LAMBERTSON. Yes, sir.

Senator McCLURE. If Congress does not add funds for the peregrine falcon, how long do you anticipate the recovery to be delayed?

Mr. LAMBERTSON. Again, sir, because of the fact that we expect other sources to pick up that funding, we think there might be some slight delay. However, we don't think it will be significant.

Senator McCLURE. I will run right out and tell those folks they have been doing such a good job they are on their own.

Mr. LAMBERTSON. That has sort of been the dialog we have had for almost 10 years now. We have worked very closely, as I said, with the peregrine fund, and they have done an outstanding job. But when it does come time to decide what our priorities are, we hope that they can carry on their responsible efforts with less Federal money.

Senator McCLURE. I will submit further questions along that line rather than take the time now.

GRANTS TO STATES

Senator Reid asked some questions along this line, but I want to go a little further with the subject of the grants to the States. I refer you to page 38.

Once again, for fiscal 1989 you have not requested funds for grants to States. One of the major benefits of the program is the implementation of recovery activities for federally listed species without an increase in Federal personnel ceilings. This program has been successfully used as an incentive to promote active State involvement in the endangered species initiatives. The budget indicates that this has been accomplished and the States should be taking a more active role in this funding.

One of the reasons Congress has disagreed with this assessment is because States simply have not picked up the funding, even though you might wish it. Clearly, your encouragement to the States has not worked.

How are you proposing to change that in the future in order to convince Congress that this is an acceptable reduction?

Mr. HORN. Mr. Chairman, as I said earlier, this program was basically zero funded in fiscal year 1982, with no measured adverse consequences that we could see. Given the fact that, obviously, in our efforts to meet the budget summit numbers, we had to find a level of cuts from the budget. In looking internally, the conclusion was that we could sustain

a reduction of $4 million for this type of activity, the State grants. Within the rules we operated under we were going to have to find $4 million in cuts within our own budget.

Our conclusion was that it is time to transfer this type of responsibility to the States, and obviously there is some level of interest. We have to hope on our side that eventually the States will realize the Federal dollars won't be there and they can begin to pull on their oars to a greater degree.

We have no way to guarantee that the States will pick up the slack created by elimination of this particular funding. I think that the track record over recent years has been that the States are getting more and more into this area. Nongame and endangered species programs are beginning to take on a higher profile within most State fish and wildlife agencies. We think that eliminating the funds for this can encourage that particular trend, plus it will help us meet our own deficit targets.

Senator MCCLURE. I understand the need for priority setting, and I can also understand the hope that other people will meet needs, real needs that we see, but you can hope that they will meet.

ALASKA WETLANDS SURVEY

There is another area where perhaps that is true. That is the Alaska wetlands survey. You pointed—again I will refer to page 64—you have indicated in the justification that the Alaska wetlands survey will be active if outside funding is obtained.

I have a couple of questions in that regard. What was provided by the Fish and Wildlife Service in fiscal year 1988 for the survey?

Mr. HORN. I will have to defer.

Mr. DUNKLE. Walt Stieglitz, regional director for region 7.

Mr. STIEGLITZ. I am not sure how much was allocated in 1988 for that purpose. I think that investigation, Senator McClure, would indicate that there is more than one source of funding. Quite often, in completing the mapping, we do use funding from other sources.

Senator MCCLURE. Could you provide for me the amounts that were provided for the survey and, to the extent you can, by source, and what was provided by the Fish and Wildlife Service in fiscal year 1988 for that survey and what is proposed for fiscal year 1989 for the survey?

Mr. STIEGLITZ. Yes, sir; we will provide that.

[The information follows:]

ALASKA WETLANDS SURVEY

The pilot Alaska wetlands survey, conducted in fiscal year 1984 at a cost of $29,000, was fully funded by the Corps of Engineers. In August 1986, the Service entered into a cooperative agreement with the National Oceanic and Atmospheric Administration [NOAA] to prepare coastal wetland acreage statistics. NOAA contributed $30,000 for this effort in 1987. The acreage report is due to be completed by July 1, 1988.

The Corps of Engineers, Bureau of Land Management, Forest Service, and the Environmental Protection Agency have been contacted to request support for the survey, but no firm commitments have been made for either fiscal year 1988 or fiscal year 1989. The Service does not have funding budgeted for this project, and no further work will occur after the completion of the coastal wetlands acreage report unless outside funding is received.

Senator MCCLURE. Thank you.

On the Arctic Goose Education Program, you have indicated success. You have proposed a $460,000 reduction upon the basis that educational materials provided by existing expenditures through fiscal year 1988 will be available through fiscal year 1989 and, therefore, no additional funding—excuse me—reduction of funding in that particular area is appropriate.

Can you explain to the committee what those informational products are that will be available in fiscal year 1989?

Mr. HORN. To start at the general level and then pass on to the specifics from the regional director, we started the general cooperative effort with the native people of western Alaska at a $350,000 annual level, at which point that program was upgraded by Congress to $810,000 a year.

We have worked very successfully over the past 2 to 3 years with the residents of western Alaska and worked out cooperative agreements for a very extensive educational program in the schools. There has been a range of materials put out on an educational and informational nature to outline to the natives of western Alaska the plight of these particular species of geese and why it is important that spring waterfowl activity be directed to other species that aren't under such stress.

The requested reduction is simply because we think we have been so successful in the last couple of years that we have achieved a fairly significant increase in the educational level. We think now we don't have to frontload the program, and we can drop back to the $350,000 a year annual base.

I would ask the regional director to tell you in more detail about some of the materials that are handed out.

Mr. STIEGLITZ. Mr. Horn has done a pretty good job of analyzing in general where we have been.

I might point out that we have received a rather substantial addon in 1988 of $760,000, which will be more than adequate, I think, to prepare the basic materials.

What we are putting together are additional video presentations including some in the Yupik language, which will be used to educate different age groups among the native population as to the problems with waterfowl and particularly the four species of Arctic geese. We are trying to emphasize the need to conserve these birds and to work in a cooperative fashion.

It is a matter of videotapes, radio presentations, and posters. We have calendar programs in the schools. We have a mechanism in place for that.

So the reduction between 1988 and 1989, in my view, will not present a major problem because the amount retained in the base will enable us to retain the liaison people that we have on board. These are people actually out working with the native community to emphasize the need to conserve the geese.

I really think the amount is very adequate to carry on the program in fiscal year 1989 because from now on it will be fairly labor intensive.

REPORT ON ARCTIC GOOSE PROGRAM

Senator McCLURE. Will you be able to give us a pretty detailed report by the end of this year as to how well that outreach program is working in terms of actually reaching them?

I don't think you can measure it in terms of changes of conduct, but at least in terms of how much you are doing and how much you are able to do with the materials and how much you will be able to do in 1989.

I think the committee would like to have an assurance that not only the materials are available but that they are being used and that the money you have for fiscal year 1989 will be enough to give it a level of use that gives us some reason to believe that the program will have impact.

Mr. STIEGLITZ. Yes, sir; we can certainly do that. You are correct, it is fairly difficult to measure the precise impact of the program other than to determine in general where it is effective. But we can give you statistics as to the number of contacts and that sort of thing.

Senator McCLURE. Thank you.

Mr. HORN. Let me add, Mr. Chairman, that we can also demonstrate, I think, from the first couple years in the program that it did result in some change in harvest practices and that there was a reduction of take of some of the more stressed species and movement to other particular species that weren't under so much stress.

We can measure some of the consequences on the ground in terms of less take of cackling geese, which is one of the stressed animals.

ALASKA REFUGE OPERATIONS

Senator McCLURE. You have requested a $500,000 reduction in the Alaska refuge operations. That appears on page 67.

Because the preparation of the comprehensive plan is nearly complete, additional funding is not necessary.

How will the reduction impact the completion schedule for the plan?

Mr. HORN. It really won't, sir. We are nearly done with all of the comprehensive conservation plans [CCP] that are required by the 1980 Alaska National Interest Lands Conservation Act. I know a number of them are back here in Washington for their final review.

The reason basically for the cut is that we had to spend additional dollars the last few years to prepare these comprehensive plans, get them in place. I expect we will have them all wrapped up by the end of this year.

The only exception is the CCP for the Arctic National Wildlife Refuge, which we are holding because we would like to wait until the Congress tells us what our management regime for the 1002 area is going to be so we can incorporate that as a final CCP. The rest of it is basically going to be concluded this year.

Senator MCCLURE. So you don't believe that the completion of the plan will change at all as a result of the change in funding?

Mr. HORN. No, sir; as a matter of fact, we believe that because we have virtually done it on schedule, we can sustain this reduction in funding without changing the completion dates that we have established.

Senator MCCLURE. Will you be submitting to the Congress an outline of operations outlined as a result of the plan?

Mr. HORN. We have been providing the plans and informational copies to the authorizing committees. The plans themselves, which are fairly voluminous documents, outline the operations.

We would be more than glad to prepare summaries of the CCP's and transmit them to you.

Senator MCCLURE. If you would, I would appreciate that. We would like to see whether the money spent on the comprehensive plan is being tracked into the comprehensive plans.

[The information follows:]

COMPREHENSIVE CONSERVATION PLANS, NATIONAL WILDLIFE REFUGES IN ALASKA

The preparation of comprehensive conservation plans for national wildlife refuges in Alaska, as required by the Alaska National Interest Lands Conservation Act of 1980, was conducted within the following planning process:

Step 1—Preplanning.—Identify laws, regulations, policies, and direction; develop analysis methods and capabilities; prepare public involvement plan; hold public scoping meetings; and identify management issues and concerns.

Step 2—Inventory and analysis.—Assemble data base or inventory of resources; prepare descriptions of physical, biological, economic, and social environments; and analyze data to determine capability of resources to respond to issues and concerns.

Step 3—Formulate management alternatives.—Develop management catagories with specific management strategies and allowed uses; apply management categories to homogenous areas of the refuge; and develop refugewide management alternatives with different emphases using various mixes of management categories.

Step 4—Evaluation of alternatives.—Evaluate the effects of implementing each alternative on the physical, biological, and human environments; and evaluate how well each alternative achieves refuge purposes, resolves issues and management concerns and conforms with regional management plan.

Step 5—Plan selection.—Select a preferred alternative; prepare and distribute a draft plan describing the alternatives and their expected effects if implemented; and provide a 60-day period for public review and comments.

Section 6—Select comprehensive conservation plan.—Review and evaluate public comments received on the draft; prepare and distribute a final plan that is responsive to public comments; provide a 45-day period for public comment and protest; and issue record of decision.

Step 7—Plan implementation.—Prepare detailed management plans identifying specific actions necessary to implement the CCP and achieve its goals and objectives; and begin implementing the management plans.

Step 8—Plan revision.—Monitor and evaluate the progress and results of implementing the plan; every 3 to 5 years review progress and results of implementation to determine if plan amendments or revisions are necessary; and every 15 to 20 years undertake a full review and updating of the CCP.

Final comprehensive conservation plans have been completed on 13 refuges, the record of decision for the Yukon Delta Refuge is expected to be signed by the end of March 1988, and the plans for the Arctic and Alaska Maritime Refuges are in draft form with final plans expected by late summer or early fall 1988.

Because each plan is a lengthy document, brief summaries of the comprehensive plans on all 16 plans have been prepared and provided to the subcommittee separately.

OFF-REFUGE CONTAMINANTS

Senator McCLURE. Again, Senator Reid mentioned and went into the contaminant cleanup program at some length. I will not question you at length, but there are a couple of areas I would like to go into a little further.

It is my understanding that at least five of the refuges are subject to contaminants from hazardous waste sites that are upstream from but not on the refuge.

Are any of the funds requested in fiscal year 1989 proposed for use on these refuges?

Mr. PLENERT. Senator McClure, Marvin Plenert, Acting Assistant Director for Refuges and Wildlife.

The funds that are requested for fiscal year 1989 are for actual onsite work. They are areas that we own that have some contaminants on them. It is the cleanup of those areas, not offsite problems that I know of.

Senator McCLURE. Are any of the funds requested in fiscal year 1989 going to be spent to try to find the responsible party for those events where they are upstream from but not on the refuge?

Mr. HORN. We have got this reconnaissance level activity that is going on above the refuge site and on the irrigation drainage program. That is part of what we are after, is not only to identify the nature of the problem we face, but also to specifically identify what the source of the contamination is, and then seek funds to clean it up.

Kesterson we know was caused by selenium that came from the agricultural drainage system. We know that our problems at Stillwater are at least in part caused by water coming over the hill, but not exactly in that area. Overall we are trying to identify, pin down the precise sources of contamination for every unit we have got so we can then come back at the appropriate time and say that we have to clean up *x* contaminant at *y* location and we need the following funds to do so.

Senator McCLURE. I wonder if I could ask you then to consult with my staff and provide some additional information with respect to the efforts that are being made to find the source of contaminants and what may be done to provide for a cleanup of those sources.

Mr. HORN. We will be more than glad to provide the information for the committee files.

CHALLENGE GRANT PROGRAM

Senator McCLURE. In fiscal year 1988 we have provided $200,000 to implement a challenge grant program on Service lands. That appears on page 79. The goal of the program, of course, is to enhance the overall operation and maintenance of Service lands by completing additional projects through cost sharing with conservation groups, private individuals, public agencies, and other non-Federal sources.

What do you anticipate to be accomplished with these matching grants moneys in fiscal year 1988?

Mr. DUNKLE. I would ask Mr. Plenert to handle that, Senator.

Mr. PLENERT. Thank you.

There are a number of proposals for grants that we are looking at within the various regions. For example, we are looking at getting organizations to provide work. On one of our refuges in Montana, the Red Rock Lakes Refuge, we will provide some dollars for some survey work on trout and grayling, and then Trout Unlimited will do the actual work.

It is a cooperative effort between these various groups. I don't know the exact details on every one of the programs.

Senator MCCLURE. Mr. Plenert, that sounds very tentative. Even though we are well into fiscal 1988, you haven't done much yet with respect to finding matching grants.

Am I accurate in that?

Mr. PLENERT. I would say so, yes. I would have to refer to the various regional directors as to what has been done; I am not totally familiar with individual grant proposals.

Senator MCCLURE. Let me ask you to do this, if you would; that is, to get each of the regional directors to summarize for us what they have done and what is being done in an effort to find matching grants to utilize this money during fiscal year 1988. I recognize that this is a relatively new effort for the Fish and Wildlife Service, but matching grants have worked well in a number of other areas in stimulating the interests of and the funding by other people other than Federal sources.

That is the reason the $200,000 was put in last year. We think it could provide some significant increase in those activities as well as funding for those activities without having to raise taxes or without having to change or reallocate funds within the budget.

So I would hope that the effort is taken seriously.

I do notice that you have no request for those funds in fiscal year 1989, and it seems to me that if you haven't done much with respect to the money that is already there and we requested nothing for fiscal year 1989, we might well have undercut the desire of the various organizations to get involved in a program that might have some promise because we are in effect signaling them that the Fish and Wildlife Service doesn't care very much about the program.

I think it can work. It takes a little bit of energy to make it work, and I know you are all busy. I can appreciate that, but it does work in some other areas, and I think it is worth a little effort.

Mr. DUNKLE. Senator, we will get to you a report on the challenge money. However, I would say to you that we do take it seriously and have taken it seriously. The regional directors are seeking areas where this might work. It sometimes does not move as rapidly as we would like, but we will see that you have a full accounting of that effort.

Senator MCCLURE. I wish you would, and I appreciate your attention to that.

[The information follows:]

CHALLENGE GRANT PROGRAM

The Service was provided with $200,000 in fiscal year 1988 to initiate a challenge grant program on Service lands. Regions have submitted proposed projects for funding and a preliminary list of projects has been developed. Completion of these projects depends on assistance actually provided by outside cooperators; therefore, there may be some adjustment during the year if outside groups are for some reason unable to complete these planned projects.

Station	Project	Funds	Cooperator
Region 1:			
Salton Sea National Wildlife Refuge	Construct waterfowl impoundment	$10,000	Westmoreland Gun Club.
Deer Flat National Wildlife Refuge	Install fish habitat in Lake Lowell	10,000	Idaho Concrete Co., Idaho Fish and Game, five local bass clubs.
Salton Sea National Wildlife Refuge	Replace hunting blinds	4,000	Imperial County Fish and Game Committee.
Tijuana Slough National Wildlife Refuge	Wildlife drive exhibits and signs	10,000	Southwest Interpretive Association.
Oxford Slough WPA	Public access/sanitary facility/waterfowl habitat.	10,000	Idaho Fish and Game.
Delevan National Wildlife Refuge	Restore waterfowl habitat	6,000	California Waterfowl Association.
Gray's Lake National Wildlife Refuge	Peregrine hacking	5,000	Lower Valley Power Co., Peregrine Fund of Idaho.
James Campbell National Wildlife Refuge.	Interpretive exhibits	12,000	J. Campbell Foundation, Hawaii Audubon Society.
San Francisco Bay National Wildlife Refuge.	Repair water control structure	2,500	Marin-Sonoma Mosquito Abatement District.
San Francisco Bay National Wildlife Refuge.	Remove exotic vegetation	500	California Native Plant Society.
San Francisco Bay National Wildlife Refuge.	Habitat restoration	8,200	Citizens Committee to Complete the Refuge.
Malheur National Wildlife Refuge	Trout/stream habitat rehabilitation	7,000	Trout Unlimited of Oregon.
Farallon Islands National Wildlife Refuge	Replace marine radio	1,500	Point Reyes Bird Observatory.
San Francisco Bay National Wildlife Refuge.	Print education materials	500	Local audubon chapter.
Regional total		87,200	
Region 2: Laguna Atascosa National Wildlife Refuge.	Ocelot research	8,000	Caesar Kleberg Wildlife Research Institute.
Regional total		8,000	
Region 3:			
Neosho National Fish Hatchery	Public use facilities	2,000	City of Neosho.
Morris WMD	Purchase earth scraper	3,600	Local sportsmans clubs.
Minnesota Valley National Wildlife Refuge.	Heritage registry program	1,700	Minnesota Department of Natural Resources.
Ottawa National Wildlife Refuge	Heron rookery enhancement	2,000	Ohio Department of Natural Resources.
Trempealeau National Wildlife Refuge	Observation platform	2,000	Local groups.
Seney National Wildlife Refuge	Kiosk	5,000	Local groups.

DeSoto National Wildlife Refuge	Environmental education	2,000	Local groups.
Bank Slough WPA	Install carp screen	14,000	Local sportsmens clubs.
Regional total		32,300	
Region 4:			
North Key Deer National Wildlife Refuge.	Nature trail	3,000	Florida Keys Land Trust.
Wheeler National Wildlife Refuge	Visitor center displays	10,000	Wilderness Graphics.
Regional total		13,000	
Region 5: S.B. McKinney National Wildlife Refuge.	Tern research/management	6,100	Little Harbor Laboratory.
		3,200	Nature Conservancy.
		3,800	Connecticut Department of Environmental Protection.
		400	Connecticut Audubon.
Regional total		13,500	
Region 6:			
Red Rock Lakes National Wildlife Refuge.	Stream/riparian habitat improvement	25,000	Trout Unlimited, Montana Fish Wildlife and Parks, local groups.
Tewaukon National Wildlife Refuge	Adopt-a-WPA (habitat maintenance)	1,500	Red River Sportsman's Club.
Tewaukon National Wildlife Refuge	Fishing access/dock	1,500	Cogswell Gun Club.
Regional total		28,000	
Region 7:			
Arctic National Wildlife Refuge	Wilderness cabin maintenance	15,000	Wilderness Society.
Coastal refuges	Develop/print brochure on seabird disturbance.	3,000	Alaska Natural History Association.
Regional total		18,000	
Servicewide total		200,000	

HAGERMAN FIELD STATION

Senator MCCLURE. Thank you.

I know you would be terribly surprised if I didn't ask a question about the Hagerman Field Station. So I will not surprise you. I will ask the questions.

Mr. DUNKLE. We are not surprised, and thank you, Senator.

Senator MCCLURE. In August 1987, the Service completed major construction rehabilitation on the Hagerman Field Station. This work expanded the existing office and replaced the wet laboratory in order to conduct research on physiological and nutritional requirements of rainbow trout and Pacific salmon.

The fiscal year 1988 budget included $225,000 for the operation of the facility. At last year's hearing, however, you testified that the optimal operating rate required an additional $330,000. In an effort to get the station halfway to the optimal rate, Congress provided an additional $165,000 for operations in fiscal year 1988.

Unfortunately, your fiscal year 1989 budget did not retain these additional funds. It is my understanding that the Hagerman staff was going to use the additional $165,000 to hire more staff. It doesn't seem to me that the Hagerman facility was given a very good chance to hire very good people when funds are provided for only 1 year.

Would you agree?

Mr. DUNKLE. I would agree that it makes a tenuous situation, yes, sir.

BASE FUNDING FOR HAGERMAN

Senator MCCLURE. Why didn't the additional $165,000 remain in the base level for fiscal year 1989?

Mr. SMITH. This year $80,000 is being used to finish some work at the lab by putting in an effluent treatment system at Hagerman.

Senator MCCLURE. You mean it was transferred from personnel for construction?

Mr. SMITH. To date new personnel have not been hired. We are fixing the effluent plant of the facility. So one-half of the money has been used for that purpose. The other one-half is being used to hire personnel.

Nothing has changed this year from last year. Optimum operation of the station would require an additional $330,000.

Senator MCCLURE. Let me interrupt because I want to make sure I understand. We provided an additional $165,000 on the expectation you would hire additional people.

Mr. SMITH. That is right.

Senator MCCLURE. You plan to use that $165,000 to hire the people, but you took $165,000 out of operating funds to put into construction?

Mr. SMITH. We took $80,000 of the $165,000 for maintenance rather than construction.

Senator MCCLURE. So you have got $85,000 left?

Mr. SMITH. That is right. We are going to hire one or two people with that money.

Senator McCLURE. With that $85,000?

Mr. SMITH. That is right. The $80,000 had to be used to make the facility operational.

Senator McCLURE. If I understand it correctly, the optimum operational level would be $555,000?

Mr. SMITH. That is correct, the same total as last year.

Senator McCLURE. And instead of $555,000, you will have loopholed $226,000. I thought it was $225,000 plus $85,000.

Mr. SMITH. The station will be funded at $226,000 in fiscal year 1989 and $391,000 in fiscal year 1988.

Senator McCLURE. That may threaten 10 people, wouldn't it?

Mr. SMITH. That is in fiscal year 1988.

Senator McCLURE. But you are going back down in fiscal year 1989. So you will hire those folks for the balance of fiscal year 1988, and then you will fire them.

Mr. SMITH. Or find funds somewhere else within the base for 1989.

Senator McCLURE. How are you going to find it if you didn't ask for it?

Mr. SMITH. Sir, we need an additional $330,000 to operate the facility at the optimum level of $555,000. It was not asked for. I cannot tell you where we will get the additional funding.

Senator McCLURE. I understand. Let me beat that dead horse one more time. [Laughter.]

Is it normal to rehabilitate a field station and then not provide the necessary operating funds?

Mr. SMITH. No, sir.

Senator McCLURE. So we are doing something abnormal?

Mr. SMITH. We do that every so often, sir.

Senator McCLURE. I think you and I understand each other. [Laughter.]

Can you bring the subcommittee up to date on the identification of critical habitat for the piping plover?

Mr. DUNKLE. Up to date in what fashion? Where we are on it?

Senator McCLURE. Yes; where are you?

Mr. DUNKLE. We are looking at areas throughout the United States that are affected as far as the piping plover is concerned, both midcontinent and on the Atlantic coast. We are determining how much critical habitat is needed, if it is needed, and then seeking to designate it after identification.

We are moving right along with the project. I can give you details up to this time.

Senator McCLURE. Mr. Dunkle, I think you know I am very interested in that program. I don't mean to indicate you haven't made progress, but we have known some of those areas of critical habitat. At least they have been identified to me in the past.

It seems we have not moved as rapidly in that direction on this species as we have on some others.

Mr. DUNKLE. As you know, with the identification of critical habitat, we have to do a number of different things in the endangered species program. We have to look at the economic impacts. In a lot of these areas, we have to go into in-depth review, and this does not move rapidly.

Senator MCCLURE. I don't want too many of your field personnel people looking at that beach in Rhode Island just because it has the only nude beach on the eastern seashore of the United States. I don't know how many days your men have to go out there and look.

Mr. DUNKLE. Yes, sir.

Senator MCCLURE. I appreciate your concern.

Mr. Chairman, I have a number of other questions I will ask and submit for the record.

Senator Reid. Thank you very much, Senator McClure. That was a fine line of questioning. I appreciate it and learned a lot in the process.

SLIDELL, LA

I have one last question I would like to ask. If I can call your attention to the explanation provided on page 179 concerning the proposal to eliminate funding for the habitat evaluation procedures [HEP] currently being developed at the National Wetlands Research Center at Slidell, LA.

You may recall that the Congress restored this funding in 1988 after the proposed elimination by the President in the 1988 budget, yet the language on page 171 of your justification states:

> During fiscal year 1988, the remaining HEP development activities at the National Wetlands Research Center at Slidell are being transferred to the National Ecology Research Center at Fort Collins, CO. The National Wetlands Research Center will have no further need for HEP funding.

I need some personal assurances here that no action will be taken during 1988 which would counter congressional action in the continuing resolution or foreclose congressional options to respond in a timely manner to a budget proposal unless you involve the Congress in some manner, such as the reprogramming process.

Does this committee have your assurance that no action will be taken to implement this proposal in 1988 without congressional approval?

Mr. DUNKLE. Dick Smith.

Mr. SMITH. Sir, there is an error in the budget justification book. Our intention is not to close the station in the budget year, but to pursue reducing the effort in 1989. The effort will not be reduced in 1988.

Senator REID. Senator Johnston will be glad to hear that.

I appreciate all the efforts put forth by the staff. Everyone was well-prepared, and I appreciate that.

ADDITIONAL COMMITTEE QUESTIONS

The subcommittee appreciates your attendance here today, as I indicated, your testimony. The subcommittee, as indicated by Senator McClure, will have a number of additional questions for the record. We would appreciate your response to this.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

State Grant Program for Endangered Species

Question: The State Grant Program has remained relatively constant over the past 10 years. However, the funding level per cooperative agreement was $200,000 ten years ago but only $57,000 last year. What does this mean in terms of work accomplished by the States?

Answer: As the number of States entering into cooperative agreements has increased over the past 10 years, each State has received a progressively smaller portion of the total allocation. However, this shortfall has been compensated for by State initiated efforts such as the use of tax checkoffs and grants from private individuals and corporations.

Recovery

Question: In the Continuing Resolution, the 1988 funding allowance was provided with fewer earmarks by species (for recovery) than in prior years. In other words, the Service was provided more discretion to select how much money was to be spent on a specific species in 1988 than in earlier years. Did the Service change prior year allocations significantly from 1987 to 1988?

Answer: For species that Congress has had an interest in and directed specific funding for, the Service has maintained the specified funding level. Recovery objectives for these species are being accomplished with the funding provided. The Service increased expenditures in FY 1988 for the grizzly bear, black-footed ferret, Puerto Rican parrot, red wolf, southern sea otter, northern Rocky Mountain wolf, Cui-ui, sea turtles, Hawaiian forest birds, Piping plover, peregrine falcon, Aleutian fern, and Aleutian Canada goose.

Question: What about proposed allocations by species in 1989 - is the Service proposing significant changes between species (other than the reductions proposed in the budget) from 1988 to 1989?

Answer: No significant changes are proposed for 1989 other than the decreases proposed in the President's budget.

Endangered Species

Question: The Congress added $135,000 in the Continuing Resolution for the cui-ui fish lifting facility, on the basis that the Marble Bluff Dam and Fish Passage Facility, authorized under the Washoe Act, and constructed in 1975, did not properly trap and lift Lahontan cutthroat trout and cui-ui over the dam in their migration to upstream spawning areas. What is the status of that work?

Answer: The Service is currently administering a contract to modify the fish trap/vertical lift facilities at Marble Bluff Dam. The modification, expected to be completed in time for the 1988 migration of the cui-ui and Lahontan cutthroat trout, will correct earlier operation deficiencies that hindered upstream migration over Marble Bluff Dam. Part of the work also planned with the $135,000 was to open an access channel for the fish across the large delta area formed at the mouth of the Truckee River where it enters Pyramid Lake.

Cui-ui Research

Question: If we wanted to accelerate cui-ui research work, how much would be needed and how would you implement the research?

Answer: It would be difficult to accelerate work on cui-ui reproductive success largely because schedules for field work are controlled more by natural phenomena, such as spawning migrations and river flows and temperatures, than be availability of funds. Additional research could be undertaken in Pyramid Lake to identify

habitat requirements of adult and juvenile cui-ui and to enhance production and survival of hatchery-reared cui-ui. This research would require an additional $250,000 annually for 5 years.

Recovery Plans

Question: On a more general note, I am told that it is important to achieve a number of successful recovery actions every so often. For the record, what would it take to implement, say, the 10 endangered species recovery plans with the least known cost? Please list them.

Answer: Species having very limited distribution, e.g., narrowly endemic fish and many plants, tend to have relatively simple and inexpensive recovery implementation schedules. However, it should be pointed out that complete implementation of an existing recovery plan generally does not equate with full recovery of the species, because completion of some tasks often leads to the identification of additional needs for the species' recovery. This is especially true of studies that may yield unanticipated information. Additionally, the cost of completing implementation schedules is only identified for the first 3 years while many of the tasks are ongoing.

For the above reasons it is very difficult to put a price tag on the recovery of a species. The following species are among those that would have a relatively low cost associated with recovery implementation. The figures reflect implementation of the current recovery plan using a 3-year schedule.

Species	Cost of Recovery Implementation
Clay Phacelia	$ 45,000
Socorro Isopod	$ 67,500
Kendall Warm Springs Dace	$ 95,000
Todsen's Pennyroyal	$105,000
Texas Poppy Mallow	$124,500
Spineless Hedgehog Cactus	$125,000
San Bruno Elfin and Mission Blue Butterflies	$141,500
Wright Fishhook Cactus	$171,000
Greenback Cutthroat Trout	$324,000
Eastern Indigo Snake	$397,000
TOTAL	$1,595,500

Service Role in Food Security Act

Question: What role is the Service responsible for in terms of implementing the Food Security Act of 1985?

Answer: The Service's role in implementation of the wetland conservation provisions of the Food Security Act is primarily as a consultant to the Department of Agriculture. Final regulations require the Soil Conservation Service to consult with the Service on matters relating to identification of wetlands and Minimal Effect Determinations. These determinations are administrative findings that proposed alterations do not diminish a wetland's values. The Agricultural Stabilization and Conservation Service is required to consult with the Service on requests for commenced and third-party exemptions. On lands in the Conservation Reserve Program, the Service is active in working with farmers to implement conservation practices benefitting wildlife, particularly establishing shallow water for wildlife. The Service will participate on the easement review teams which will recommend conservation easements under Section 1318 of the Food Security Act, when that section becomes operational. Similar services are currently furnished to Farmers Home Administration on inventory lands and through loan servicing procedures.

Question: Can you specify in detail for the record, by program in the Act, what the Service's commitment is in 1988, and in the 1989 proposal?

Answer: In 1988, the Service commited $1,662,000 for carrying out the opportunities provided in the Food Security Act of 1985. In addition, it provided $1,200,000 to realize wetland restoration opportunities provided by the Act. The $1,662,000 was disbursed among the several programs of the Act based on Service priorities and resource needs. The $1,200,000 is being used primarily to address wetland restoration activities in the Lower Mississippi Valley and the Prairie Pothole regions on Conservation Acreage Reserve Program lands and the easement lands provided under the Farm Loan Programs of the Farmers Home Administration. In 1989, the $1,200,000 is planned for increasing efforts at providing wildlife habitat improvement assistance to landowners on Conservation Reserve Program lands. An additional $100,000 in research related to the Act is being redirected for 1989. Following is a tabular display of 1988, and proposed 1989, expenditures by the programs of the Act.

Program	1988 Proposed Service	1989 Proposed Service
Conservation Acreage Reserve		
Technical Assistance	$175,000	$775,000
Wetland Restoration	375,000	375,000
Piggyback Agreements	312,000	312,000
Research/Development	100,000	200,000
Highly Erodible Land Conservation		
Technical Assistance	50,000	50,000
Wetland Conservation (Swampbuster)		
Technical Assistance	800,000	800,000
Farmers Home Administration Farm Loan Program		
Technical Assistance	450,000	450,000
Wetland Restoration	600,000	-----
Total	$2,862,000	$2,962,000

Alaska Funding Proposals

Question: There are a number of funding proposals relating to Alaska in the Budget. In net terms, does Alaska receive a net increase or decrease in the 1989 budget estimate?

Answer: Alaska receives a net decrease in the 1989 Budget justification. Resource Management allocations for Alaska were reduced by $2,146,000, from $29,854,000 in 1988 to $27,708,000 in 1989.

Question: In terms of overall priorities, which programs benefit and which programs lose?

Answer: Subsistence grants to the State of Alaska were eliminated, and funding for Alaska refuge operations, the Arctic goose education program and endangered species were decreased. More specifically, funding will decrease for lower priority activities such as subsistence use studies, fish and wildlife population and habitat inventories, public use programs, and scientific research.

Question: Why were these priorities selected?

Answer: The funding level for Arctic goose education is adequate to continue to fund the refuge information technicians, other support staff, and some continuing product development. Completion of Refuge Comprehensive Conservation Plans will allow the region to reduce

Regional Office staffing. Basic requirements and objectives of Alaska refuges can be met at the reduced funding level. Reductions in State Subsistence Grants will mean curtailing some studies and reducing public participation in local and regional fish and game advisory councils. Less emphasis will be placed on the advisory system for subsistence uses required by Alaska National Interest Lands Claim Act. Most of the high priority fox removal objectives, for the recovery of Aleutian Canada geese on Kiska Island, are expected to be met by 1989. The Service believes that opportunities for alternative funding sources exist for the work accomplished through endangered species grants to the State.

Question: Would you list the individual increases and decreases for us?

Answer: The individual increases and decreases are listed below.

Alaska Refuge Operations	- $ 500,000 / 5 FTE
Arctic Goose Educational Program	- $ 460,000 / 0 FTE
Alaska Subsistence Grants	- $ 974,000 / 0 FTE
Migratory Non Game Birds	- $ 20,000 / 0 FTE
Endangered Species Prelisting	- $ 32,000 / 0 FTE
Endangered Species Grants to the State	- $ 43,000 / 0 FTE
Endangered Species Recovery	- $ 120,000 / 0 FTE
Corps of Engineers Permits	- $ 13,000 / 0 FTE
Base Changes	+ $ 16,000 / 0 FTE
Total	- $2,146,000 / 5 FTE

Alaska Refuge Funding

Question: One program proposed for a reduction of $460,000 is the program to educate Alaska natives on the importance of sound management of the Arctic goose. The reduction would leave $300,000 in the base for the education program. What will be foregone at this funding level?

Answer: Overall, the proposed funding level will be adequate to continue to carry out an information and education program in Fiscal Year 1989. Reductions include the development of new information and education products and activities. Priority activities, including: dealing with native leaders, meetings, some teacher training and production of information and education products now in existence would continue.

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Question: Who made the overall funding decisions for Alaska?

Answer: The initial funding decisions for Alaska were made by the Director of the Service, as part of the decision-making process relating to development of the FY 1989 Budget. The 1989 proposal to the Department of the Interior requested increases totaling $2,225,000 for studies relating to oil and gas exploration at the Arctic National Wildlife Refuge (ANWR). The Department supported an increase of $2 million for ANWR. The Office of Management and Budget (OMB) passback provided continuation of the $2 million for ANWR in the 1989 Budget, which was provided as a Congressional increase in the 1988 Appropriation. Within the final level for new budget authority, the Service identified some reductions in lower priority or one-time activities, including: Alaska Refuge Operations; Arctic Goose Education; Alaska Subsistence Grants; Migratory Non-game Birds; Endangered Species Prelisting; Endangered Species Grants to States; and Endangered Species Recovery.

Question: Did the budget assume enactment of an oil and gas leasing or exploration bill on the Arctic Refuge this session?

Answer: The FY 1989 Budget assumed that an ANWR leasing bill would pass in FY 1988 and that a lease sale would occur within 2 years, i.e. FY 1990, for purposes of estimating revenue in the budget.

Question: Identify, for the record, allocations budgeted in support of ANWR oil and gas exploration, leasing and FY 1988 and 1989 changes.

Answer: The allocations budgeted by the Service for baseline studies to gather information which help to mitigate the effects of oil and gas exploration, in FY 1988 and FY 1989 are shown below.

	FY 1988	FY 1989
Refuges and Wildlife	$ 700	$ 725
Fisheries	275	275
Research and Development	1,025	1,000
Total	$2,000	$2,000

Question: If so, what projects are needed to support such an assumption?

Answer: In FY 1989 the Service will be continuing studies to collect baseline information that would help mitigate the effects of oil and gas exploration and development, including: caribou, muskox, and related studies; habitat studies; coastal fishery studies; lesser snow goose studies; and water inventory and assessment studies

Question: If not, and one were to be enacted, what programs will need additional funding in 1989?

Answer: The FY 1989 Budget includes sufficient funding to continue studies which will collect baseline information to help mitigate the effects of oil and gas exploration.

Contaminants on Refuges

Question: What is the base funding for contaminant work on National Wildlife Refuges in FY 1989 and which refuges will receive funds? Include work done under the Department's Irrigation Drainage Initiative, as appropriate.

Answer: Contaminants work on refuges can be divided into three major categories: cleanup activities, refuge specific sampling and studies and irrigation drainage work. In FY 1989 the Service plans to spend $880,000 of base funding for refuge cleanup activities. These expenditures may include studies to evaluate cleanup alternatives, resource monitoring to evaluate the success of cleanup activities of a responsible party, removal and proper disposal of contaminants and in-place treatment of contaminants. The following preliminary list of refuges, grouped according to general problem areas, may receive cleanup attention in the FY 1989 base funding. This list and the budget estimate associated with each group of refuges will change as more information becomes available. An accurate list will not be available until the end of FY 1988.

Agricultural ($196,000)

Grasslands WMA
Kesterson NWR
San Luis NWR
Tishomingo NWR
Shiawassee NWR
Yazoo NWR

Municipal/Industrial Discharge ($145,000)

Wheeler NWR
Savannah/Tybee NWR
Alligator River NWR
Great Meadows NWR
Alaska Maritime NWR

Landfills/Dumps ($89,000)

Humboldt Bay NWR
Great Dismal Swamp NWR
Tetlin NWR

Mining ($258,000)

Kofa NWR
Innoko NWR
Kanuti NWR
Koyukuk NWR
Nowitna NWR
Selawik NWR
Yukon Delta NWR
Yukon Flats NWR

Military/Activities ($159,000)

Seal Beach NWR
Johnston Atoll NWR
Arctic NWR
Togiak NWR
Yukon Delta NWR

Oil/Gas ($33,000)

Kenai NWR

In addition, the Service plans to spend approximately $3.9 million on refuge specific studies or in support of refuge specific studies in FY 1989. Because FY 1989 work is dependent upon the results of FY 1988 activities, it is currently impossible to develop a list of refuges on which work will be conducted in FY 1989.

Finally, the Service will be spending $1.2 million in FY 1989 through the Department's Irrigation Drainage initiative. This will benefit Brown's Park, Ouray, Salton Sea, Kern-Pixley, Sutter, Butte Sink, Colusa, Sacramento, Delevan, Bear Lake, Malheur, Lower Klamath, Tule Lake, and Bosque del Apache National Wildlife Refuges and Stillwater Wildlife Management Area.

Question: What is the status of cleanup work?

Answer: The April 1986 refuge contaminant list identified 78 issues that needed to be addressed and divided them into three categories based on the amount of information available for each site. The status of those issues is as follows:

Phase	Category: Cleanup	Refuge Specific Sampling	Irrigation Drainage Work
I Problem Identification		3	13
II Planning		17	27
III Problem Assessment		6	3
IV Problem Resolution	9		
Total	9	26	43

A preliminary list of refuges which may receive cleanup efforts in FY 1989 is provided in the previous answer. In addition, the requested $1.9 million increase in FY 1989 will be used for cleanup activities on Crab Orchard, Great Swamp, Tinicum, Great Dismal Swamp, Edwin B. Forsythe and Iroquois National Wildlife Refuges.

Nevada - Wildlife Contaminant Problems

Question: I understand that the practice of mining by the open water cyanide extraction methodology is suspected by Service biologists of causing high levels of waterfowl mortality. Is that accurate?

Answer: Yes, it is. The number of open water cyanide extraction sites in Nevada has increased from approximately 5 to 100 between 1980 and 1988. There are around 300 sites western United States. The sites vary in size from 1 to 150 acres and are attractants to migrating wildlife particularly in the spring. Twenty-eight sites in Nevada are voluntarily reporting wildlife mortalities to the State. Approximately 4,000 animals, mostly birds, have been found dead at cyanide extraction sites. Forty percent are shorebirds and gulls, 33 percent are waterfowl and 20 percent are song birds. Mammals, reptiles and amphibians are also reported. Research is underway to determine tolerance levels in several species of wildlife to cyanide complexes found in extraction ponds.

Question: Have you included any funding in your 1989 budget to address those problems?

Answer: Funding of $40,000 is provided for preliminary research work in FY 1989.

Refuge Contaminants

Question I understand that your budget proposes to reduce the contaminant investigation work nationwide by $200,000, and that this is justified on the basis that we need to begin cleaning up known problem areas. How much will that leave the Service for investigations?

Answer: In FY 1989, $1,542,000 will remain in the Service's base for contaminant investigative work. This level of funding is adequate to meet anticipated contaminant investigation needs.

Fisheries

Question: The budget proposal raises three issues in the fisheries area. One, a new initiative for $1,000,000 is suggested, to initiate a multi-agency anadromous fish restoration program required by the Klamath and Trinity River Basins Restoration Act of 1986. Why is this program proposed for funding this year--that is, why wasn't it proposed for funding in 1987 or 1988, or why shouldn't we wait until 1990?

Answer: Congress enacted the Klamath River Basin Fishery Resources Restoration Act (100 stat. 3080, 16 U.S.C. 7 460ss) in October 1986. The Act requires that the Secretary of the Interior establish and implement a 20-year program to restore anadromous fish populations of the Klamath River Basin. The Act also provides for: 1) a Klamath Fishery Management Council to advise the Secretary on policy and to make recommendations on harvesting regulations; and 2) a Klamath River Basin Fisheries Task Force to advise the Secretary on activities necessary to implement restoration of the fisheries. The Secretary has designated the Service as the lead agency in carrying out the Secretary's implementation responsibility.

In 1987 and 1988 the Service established a field office to coordinate activities of the Council and the Task Force. Initial meetings were held and the Task Force is identifying action items that will lead to the orderly restoration of anadromous fishery resources in the Basin. The $1.0 million requested for FY 1989 will be used to begin major restoration activities as part of the 20-year program to implement requirements of the Act.

Question: The $1,000,000 included in the budget is an equal share for the Fish and Wildlife Service, the Bureau of Indian Affairs, and the Bureau of Reclamation. The Service has been delegated the

responsibility to develop and implement the restoration program. What role will each of the three agencies play in the restoration?

Answer: Because the Fish and Wildlife Service has been delegated lead responsibility for the Secretary in implementing fishery and habitat restoration requirements of the Act, the $1.0 million increase requested in FY 1989 will be administered through the Service's budget. This includes an equal share totalling $333 thousand for the Bureau of Indian Affairs, Bureau of Reclamation and Fish and Wildlife Service. The Bureau of Indian Affairs was delegated the lead responsibility to develop a Memorandum of Understanding with the California Department of Fish and Game regarding Klamath River law enforcement as required by Section 5 of the Act. The Bureau of Reclamation is not identified in the Act, but receives representation in Council and Task Force activities via the Secretary of the Interior representative.

Question: Will the Service be responsible for securing the funding for construction for structures, if any are involved?

Answer: The Service will be responsible for developing the annual budget necessary to implement the fishery and habitat restoration activities required by the Act. The planning, design, and construction of structures necessary to effect restoration such as counting stations, sediment control structures, and flow control devices will be administered by the Service.

Question: Please provide for the record a complete statement of what the overall 20 year program will include. Also, please provide a summary of the proposal in the same level of detail as is used to support the Lower Snake River Compensation Plan.

Answer: The Klamath River Basin Conservation Area Fishery Resources Restoration Program (the Restoration Program) is established by Section 2 of the Klamath River Basin Fishery Resources Restoration Act, 16 U.S.C. 7 460ss (the Klamath Act). Paragraph 2(b)(1) of the Klamath Act identifies the Klamath River Basin Fisheries Resource Plan as the basis for the Restoration Program. This document is being provided to the Committee under separate cover. In their meeting of March 1, 1988, the Klamath River Basin Fisheries Task Force (the Task Force) determined that the Klamath Plan will need to be updated and augmented in order to provide adequate long-term planning guidance for the Restoration Program. The Service will provide the Subcommittee with additional details relating to the Klamath River Basin Restoration Program as they become available, and will work with the Subcommittee to meet future information needs.

Tribal Fisheries Funding

Question: A second issue in the Fisheries budget is the funding source for several hatcheries which have been supporting fishery decisions by 31 southwestern Indian tribes. In 1988, the Congress shifted the funding to the agency whose staff operates the hatcheries, that is, to the Service.

The Congress continues to support the long-term goal of transferring not only the funding source for the hatchery but operational control, to the BIA. Let me ask if it seems to make sense, in terms of efficiently, to fund the BIA and then to transfer the money to the Service to operate the hatchery? I would also ask the same question concerning fisheries assistance.

Answer: The Service also continues to support the concept of Indian self-determination as set forth in the Indian Self-Determination and Educational Assistance ACt of 1975 (P.L. 93-638). However, the Department believes that funding through the Bureau of Indian Affairs, with operation by the Fish and

Wildlife Service, is more appropriate until the Tribes are in a position to assume operation of the hatcheries. The hatcheries and assistance stations have continued to operate effectively under this process.

HATCHERY MAINTENANCE

Question: The third issue of interest is the welcomed budgeted increase of $1,230,000 for hatchery maintenance. I am told that some hatcheries are currently shifting maintenance money into operations. Is that correct?

Answer: In most regions, use of cyclical maintenance funds for operations is not now taking place or is taking place on a limited basis. For example, in the Great Lakes area, operation of the trout distribution vessel, the M/V Togue, and microtagging of lake trout has necessitated some use of maintenance funds this fiscal year--such a shift did not take place last year. However, if the increase of $250,000 proposed for Great Lakes trout production in FY 1989 is appropriated, the shifting of cyclical maintenance funds will no longer be necessary. There has been a more generalized problem in the Southwest and in the Northeast, the latter due in large part to a sharp rise in the cost of fish food for Atlantic salmon.

Question: If so, should the Committee also consider an increase for hatchery operations?

Answer: The FY 1989 budget request for hatchery operations is adequate to meet the most essential resource needs.

Question: Do you know where the proposed increase will be spent? Could you provide for the record a proposed allocation for the requested funding?

Answer: Distribution of the proposed hatchery maintenance increase has not yet been determined. The allocation will be based on the maintenance priorities contained in the report A Review of Maintenance Needs at National Fish Hatcheries, transmitted to Congress on May 20, 1988.

Habitat Evaluation Procedures at Slidell

Question: I want to call your attention to the explanation provided on page 171 of the Service's justification, concerning the proposal to eliminate funding for the Habitat Evaluation Procedures (HEP) currently being developed at the National Wetlands Research Center at Slidell, Louisiana.

You may recall that the Congress restored this funding in 1988, after it had been proposed for elimination by the President in the 1988 budget. Yet the language on page 171 of your justification states that: "During FY 1988, remaining HEP development activities at the National Wetlands Research Center at Slidell, Louisiana, are being transferred to the National Ecology Research Center at Fort Collins, Colorado....The National Wetland Research Center will have no further need for HEP funding."

I need your personal assurance that no action will be taken during 1988 which would counter Congressional action in the Continuing Resolution, or foreclose Congressional options to respond in a timely manner to a budget proposal, unless you involve the Congress in the proposal in some manner such as the reprogramming process. Do I have your assurances that no action will be taken to implement this proposal in 1988 without Congressional approval?

Answer: Yes, you do. The 1988 appropriation for the Fish and Wildlife Service provided $400,000 for Habitat Evaluation Procedures and Wetland Technical Assistance in Slidell, Louisiana. The Fish and Wildlife Service is spending $125,000 on HEP Habitat Suitability Index Model validation studies. The remaining $275,000 is being used to update habitat maps necessary for a comprehensive analysis of wetland loss since 1956.

Funding for the Cooperative Research Units

Question: I wonder if the recent action to initiate four new [Cooperative Research] Units is sustainable in the outyears at the current funding level?

Answer: In response to direction from Congress, the Service used the FY 1988 funding increase to fill vacant positions; to initiate staffing in the new Units in Minnesota, Arkansas, New Mexico, South Carolina, and Texas; and, to expand the Washington and North Carolina Cooperative Fishery Research Units to combined Units. The FY 1988 budget was sufficient to begin staffing and to provide basic equipment for the new Units. However, this level of funding, even though carried into FY 1989, will not sustain all approved positions.

Construction

Question: The budget request for construction activities in FY 1989 is for $7,577,000, a reduction of $17,485,000, or -67 percent, from FY 1988 appropriations.

The FY 1989 request is focused primarily on dam safety activities. Of the total requested, $340,000 is for continuation of required dam safety inspections and $7,003,000 is for repairs and modifications to 5 Service dams. The justification (p. 206) states that these dams are ranked in the top 30 percent by the Department of Interior (USDI) Dam Safety Task Force. How many Service dams are listed by the USDI Task Force?

Answer: Of the 390 dams listed in the Dam Safety Task Force report, dated October 1987, 31 are owned by the Service. These include 10 high hazard dams and 21 significant hazard dams.

Question: What is the Service's range of estimates of the total cost for the 5 projects budgeted in FY 1989?

Answer: The total estimated cost range for the 5 dam safety projects identified in the Service's FY 1989 budget request is from $2,549,500 for reconstruction of Harrison Lake Dam in Virginia, to $7,034,000 for modification of Umbarger Dam in Texas. The total estimated costs for Lake Darling and Lake Ilo Dams in North Dakota, and Rynearson #1 Dam in Wisconsin, are unknown because plans and designs are not complete at this time. When the planning and design for these dams is complete, we will have an accurate estimate to report.

Question: For the remaining projects on the Task Force list?

Answer: Most of the projects remaining on the Interior Task Force list are in need of additional plans and studies before accurate estimates for their repair or reconstruction can be made. As such, estimates for the cost of these projects cannot be provided at this time. The current status of all of the Service's high and significant hazard dams is provided on the following tables, one table addresses high hazard dams and the other significant hazard dams. The tables are consistent with the Task Force list.

SERVICE HIGH HAZARD DAMS
(Status as of March 7, 1988)

Dam Name Station, State	Status	Funding Estimates ($000s)
Future Budgetary Consideration:		
Jessup Mill Pond Dam Creston NFH, MT	Needs Phase II SEED Studies.	$165 in future.
Dorris Dam Modoc NWR, CA	Needs Phase II SEED Studies.	$212 in future.
Projects Pending Completion of Plans, Designs or Special Studies:		
Lake Darling Dam Upper Souris NWR, ND	Cooperating with Corps, Canadians, re: flood protection for Minot, ND.	$665 (p/d) in FY 88 & $1,310 (p/d) in FY 89.
Lake Ilo Dam Lake Ilo NWR, ND	Conceptual studies done, working on final alternative.	$423 in FY 89.
Umbarger Dam Buffalo Lake NWR, TX	Region 2 working with Reclamation on selection of final alternative.	$3,100 (c) in FY 89.
Elmer Thomas Dam Wichita Mountains NWR, OK	Emergency status. Feasibility study in progress.	--
Little Grassy Dam Crab Orchard NWR, IL	New cost-effective alternative recently identified.	--
Projects That Will Be Complete With Funding Provided Through FY 89:		
Harrison Lake Dam Harrison Lake NFH, VA	Total reconstruction.	$1,300 in FY 89.
Greenwood Lake Dam North Attleboro NFH, MA	Spillway reconstruction.	$1,200 in FY 88.
Crab Orchard Dam Crab Orchard NWR, IL	Total reconstruction.	$7,470 in FY 88.

SERVICE SIGNIFICANT HAZARD DAMS
(Status as of March 7, 1988)

Future Budgetary Consideration:

Cash Lake Dam Patuxent WRC, MD	Needs Phase II SEED Studies.	$193 in future.
Lake Thibedeau Diversion Dam Lake Thibedeau NWR, MT	Needs Phase II SEED Studies.	$175 in future.
Rynearson #2 Dam Necedah NWR, WI	Needs Phase II SEED Studies.	$180 in future.
Jed Johnson Dam Apache Dam Grama Lake Dam Lake Rush Dam Wichita Mountains NWR, OK	Needs Phase II SEED Studies.	$800 in future.
Upper Pahranagat Dam Upper Pahranagat NWR, NV	Needs Phase II SEED Studies.	$200 in future.
Little White River Dam LaCreek NWR, NV	Needs Phase II SEED Studies.	$150 in future.
McKinney Dam McKinney Lake NFH, NC	Needs Phase II SEED Studies.	$200 in future.
Erie Pool #9 Dam Erie NWR, PA	Needs Phase II SEED Studies.	$200 in future.
Lake Bee Dam Carolina Sandhills NWR, SC	Needs Phase II SEED Studies.	$200 in future.
Lower Pine Lake Dam Turnbull NWR, WA	Needs Phase II SEED Studies.	$175 in future.
Muskrat Dam Arapaho NWR, CO	Needs Phase II SEED Studies.	$200 in future.
Orangeburg Substation Dam Orangeburg NFH, SC	Needs Phase II SEED Studies.	$200 in future.

Projects Pending Completion of Plans, Designs or Special Studies:

Rynearson #1 Dam Necedah NWR, WI	Outlet works to be repaired with FY 89 funding. Embankment still needs studies.	$870 requested in FY 89.
Dams 326, 332, 341, and 320 J. Clark Salyer NWR, ND	Repairs by Corps in association with flood protection for Minot, ND.	$350 in FY 86.
Dam 357 J. Clark Salyer NWR, ND	FY 86 funds to be used for Phase II SEED studies.	$600 in FY 86.

Projects That Will Be Completed With Funding Provided Through FY 89:

Devil's Kitchen Dam Crab Orchard NWR, IL	Project Complete.	$348 in FY 85.
Comanche Dam Wichita Mountains NWR, OK	Project Complete.	$368 in FY 85.

Note: Phase II Safety Evaluation of Existing Dams (SEED) studies include comprehensive field investigations, stability analysis, hydrology analysis, and conceptual designs (up to the 35 percent design milestone).

(p/d) = advance project planning and design

(o) = construction

Question: On page 209, the total estimated cost for the Lake Darling Dam is listed at $15 to $25 million. Is the sole reason for this project the need to prevent overtopping which may be caused by the Canadian decision to construct two new dams on the Upper Souris River, coupled with the resulting impact on the Corps of Engineers' responsibilities?

Answer: Construction of the Canadian dams is intended to reduce the potential for severe flooding in the area of Minot, North Dakota. As such, the potential for overtopping of Lake Darling Dam should be reduced as well. However, regardless of the decision to construct dams in Canada, the Service is the sole owner of Lake Darling Dam and is responsible for bringing it into compliance with the Federal Guidelines for Dam Safety. Our budget request is necessary because the Corps of Engineers plans to improve Lake Darling Dam will only address the need for 100-year flood protection for Minot, not the additional requirements associated with the Federal Guidelines for Dam Safety.

Question: It seems to me that the Fish and Wildlife Service is being presented with a $15 to $25 million responsibility with no effective response except to pay. Why shouldn't the Corps be responsible for this project?

Answer: The responsibility for the safety of Lake Darling Dam rests with the Service because we own the dam and the land upon which it is located. The Corps is not responsible for ensuring that the dam is in a safe operable condition; the Service is.

Question: What other options does the Service have?

Answer: There are several options for Lake Darling Dam. First, we can leave the dam as it is now. In other words, do nothing. This option is not acceptable because the dam will not be in compliance with the Federal guidelines. Second, we can modify the dam consistent with the Federal Guidelines for Dam Safety. Based on very preliminary estimates, this alternative could cost as much as $15 to $25 million.

Question: Could it breach the dams and not fix them?

Answer: A third option is to breach the dam. This option is not likely to be pursued because we need the dam to maintain important fish and wildlife habitat values. Lake Darling Dam is essential in maintaining instream flows in the Souris River and supplies water to the J. Clark Salyer National Wildlife Refuge, the Upper Souris National Wildlife Refuge, and other downstream water users during the low-flow months of the year. Additionally, the dam now provides some flood protection for Minot. If we breached the dam, this protection would be lost.

Elmer Thomas Dam

Question: Regarding Elmer Thomas Dam in Oklahoma, there is no request in 1989 to repair the dam. Why not?

Answer: Since the extent of this situation, including cost estimates, was not known at the time the Department developed its budget submission, funding was not included for Elmer Thomas Dam in the FY 1989 request. However, the Department is addressing the funding for this emergency situation. In addition, an Architectural/Engineering firm under contract to the Service is in the process of preparing a feasibility study which will provide decision makers with the information needed to determine whether the dam should be removed, repaired or replaced. When that study is completed, we will know the nature and cost of alternatives.

Question: What is Ft. Sill's role in the dam repair?

Answer: Lake Elmer Thomas Dam is located completely on Service property. As such, the responsibility to ensure the safe operational condition of the dam rests fully with the Service. Ft. Sill is not responsible for the operation or repair of the dam. Aside from attending various meetings with Service personnel, Congressional interests, and local citizens, officials from Ft. Sill have had no other direct involvement in the project. We have endeavored to keep Ft. Sill officials informed as the project progresses. Obviously, we will involve them in our review of future options once the feasibility study is completed.

Question: What role is the local town playing in the dam repair?

Answer: The Service has made every effort to involve public officials and citizens of the towns of Medicine Park and Lawton, Oklahoma, in our emergency actions at Lake Elmer Thomas Dam. Officials from both communities were briefed on the condition of the dam on December 9, 1987, and a public meeting was held on December 10, 1987, to explain the situation, the condition of the dam, and the need for our emergency action. Officials from both communities have been very cooperative. As the feasibility study progresses, we will hold additional public meetings to present our findings and the alternatives for removal, repair, or replacement of Lake Elmer Thomas Dam.

Question: Do the dam and lake provide significant wildlife benefit, or is it largely a recreational lake for Ft. Sill and the surrounding area?

Answer: Lake Elmer Thomas is primarily a recreational facility providing fishing, swimming, and scenic benefits to Ft. Sill and the public. The fish and wildlife benefits of the lake are minimal and limited to the fishery and some waterfowl and water bird usage. In addition, it is a supplemental source of water for big game herds.

Emergency Striped Bass Research

Question: Considering the increases in striped bass study activities funded at Leetown NFH and other striped bass research, what reasons are there to continue the Emergency Striped Bass Research program?

Answer: The striped bass study activities funded at Leetown are to increase the efficiency of artifical spawning and rearing of striped bass for stock enhancement in the Chesapeake Bay. As such, the study is only tangentially related to the main problem in Chesapeake Bay i.e. inadequate natural recruitment.

Addressing inadequate natural recruitment is the objective of the Emergency Striped Bass Study and to date the study has not delineated the respective roles of fishing levels, contaminants, and physical habitat alteration in poor recruitment. The current moratorium on fishing for striped bass provides an opportunity to delineate the impact of fishing and the impact of water pollution. The studies should continue as part of the emphasis on all aspects of nutrition, reproduction, disease control, and habitat as they affect striped bass restoration.

Question: The involved units of government have adapted a striped bass management plan, so it would seem the emergency nature of the research is past. What were the funds used for (specifically) in 1987 and 1988? Who received the funding, etc.?

Answer: The rapid decline in striped bass abundance in the past decade has been reversed by highly restrictive harvest. As a result, the stock in Chesapeake Bay is being restored. However there continues to be inadequate natural recruitment to assure a self-perpetuating striped bass population in Chesapeake Bay. Until this occurs, fishing will again reduce the population to the danger point and an emergency will exist once more.

In FY 1987 funds in the Emergency Striped Bass Studies program were allocated as follows:

Fiscal Year 1987 Research Studies and Funding

Group	Research Project	Amount
National Fisheries Contaminants Research Center	Habitat monitoring and assessment of environmental factors affecting responses of striped bass to contaminants.	$203,500

Johns Hopkins University--Applied Physics Laboratory	Mobile on-site and in-situ striped bass contaminant studies in the Choptank River and upper Chesapeake Bay--Annual contaminant and water quality evaluations in east coast striped bass spawning habitats.	$187,900
National Fisheries Health Laboratory	Immunological discrimination of striped bass stocks.	$ 26,000
National Fisheries Research Center	Program coordination and population modeling.	$ 95,000
	Total	$512,400
	FY87 New funds available	$500,000
	FY86 Carryover	$ 36,915*
		$536,915

* $34,443 for support of mark-recapture studies less $9,525 for tags plus $11,997 carryover.

The following table summarizes research currently being funded in FY 1988 conducted under the Anadromous Fish Conservation Act (Activity 2240). Funding for FY 1988 consists of $48,400 of carryover from FY 1987 and $500,000 in newly appropriated funds for FY 1988.

Fiscal Year 1988 Research Studies and Funding

Group	Research Project	Amount
National Fisheries Contaminant Research Center	Striped bass contaminant and water quality studies in the Nanticoke and Choptank Rivers.	$181,105
Region 5 Annapolis Field Office, Ecological Services	Coordination of Tag Recoveries	$ 30,000
National Fisheries Research Center	Project Coordination, Population Modeling and Tagging Database	$ 61,395
National Fish Health Laboratory	Immunological Methods for Identification of Striped Bass Stocks	$ 55,000
Johns Hopkins University--Applied Physics Laboratory	Striped Bass Contaminant and Water Quality Studies in the Potomac River and Upper Chesapeake Bay--Annual Contaminant and Water Quality Studies in East Coast Striped Bass Habitats.	$191,900
Atlantic States Marine Fisheries Commission	Development of Tagging Database and coordination of activities with State management agencies.	$ 29,000
		$548,400

Ash Meadows Land Acquisition

Question: I understand that we are not yet finished with the land acquisition program at Ash Meadows Refuge. I am told that about $815,000 is needed to complete the acquisition. Is that accurate?

Answer: The Service estimates that $709,000 in additional appropriations would be needed to complete acquisition of refuge inholdings. However, some of the remaining landowners are not willing sellers. Acquisition of all inholdings may take several years.

Question: Would the Service characterize the land as threatened, either by development or other irreversible action?

Answer: The remaining acquisition consists of smaller tracts, many of which are unoccupied. There does not appear to be immediate threat from development or other actions.

Land Acquisition Priority

Question: Please provide for the record a copy of the Service's land acquisition priorities.

Answer: The Service's most recent priority list for land acquisition follows. The list for the Land and Water Conservation Fund acquisitions has been updated and merged with the Migratory Bird Conservation Fund projects to develop a Servicewide acquisition list.

U.S. FISH AND WILDLIFE SERVICE
PROJECTS APPROVED FOR PLANNING
COMBINED NATIONAL PRIORITY LIST
April 27, 1988

NAT'L RANK	PROJECT	REGION	TARGET
1	LOWER ALTAMAHA, GA	4	WT
2	LOWER RIO GRANDE NWR, TX	2	SW
3	WPA NORTH DAKOTA	6	MB
4	MATAGORDA ISLAND NWR, TX	2	SW
5	SAN FRANCISCO BAY, CA	1	SW
6	FOX RIVER NWR, WI	3	WT
7	LAKE NETTIE NWR, ND	6	MB
8	ASH MEADOWS NWR, NV	1	SE
9	SACRAMENTO RIVER, CA	1	SW
10	JOAQUIN, CA	1	SW
11	LAKE ALICE NWR, ND	6	MB
12	LAKE THOMPSON, SD	6	WT
13	LOWER SUWANNEE NWR, FL	4	SW
14	WPA SOUTH DAKOTA	6	MB
15	WPA MONTANA	6	MB
16	HAMDEN SLOUGH NWR, MN	3	MB
17	BIG STONE - ADDITION, MN	3	MB
18	NORTH CENTRAL VALLEY, CA	1	MB
19	PATOKA RIVER NWR, IN	3	WT
20	LESLIE CANYON, AZ	2	SE
21	SOUTH CENTRAL VALLEY, CA	1	MB
22	MINNESOTA WPA	3	MB
23	FORSYTHE NWR, NJ	5	MB
24	SUNKHAZE MEADOWS, ME	5	WT
25	BACK BAY NWR, VA	5	MB
26	CAPE MAY, NJ	5	WT
27	RED ROCK LAKES NWR, MT	6	SW
28	COLORADO WATER RIGHT, CO	6	SE
29	CHINCOTEAGUE NWR, VA	5	MB

COMBINED NATIONAL PRIORITY LIST - Continued

NAT'L RANK	PROJECT	REGION	TARGET
30	NATIONAL ELK REFUGE, WY	6	SW
31	MONTEZUMA NWR, NY	5	MB
32	MCFADDIN NWR, TX	2	MB
33	CEDAR ISLAND NWR, VA	5	SW
34	OCMULGEE NWR, GA	4	WT
35	IOWA WPA	3	MB
36	KEAUHOU-KILAUEA, HI	1	SE
37	DRIFTLESS AREA NWR, IA	3	SE
38	LAMAR PENINSULA, TX	2	SE
39	MOODY NWR, TX	2	MB
40	ANIMAS NWR, NM	2	SW
41	KITCHEL-BRAZORIA NWR, TX	2	MB
42	CAMERON PRAIRIE, LA	4	MB
43	HOSKINS-BRAZORIA NWR, TX	2	MB
44	ANAHUAC NWR, TX	2	MB
45	J.N. "DING" DARLING, FL	4	SW
46	BLUNT-LIZ.TULARE CO., CA	1	SE
47	B.N.L. LIZ N & F CO., CA	1	SE
48	SAN JOAQUIN RIVER, CA	1	SE
49	BAYOU SAUVAGE, LA	4	WT
50	LAKE OPHELIA, LA	4	MB
51	STEWART B. MCKINNEY, CT	5	SW
52	PRAIRIE BEND, NE	6	SE
53	CACHE RIVER NWR, AR	4	MB
54	LOWER HATCHIE NWR, TN	4	MB
55	CHICKASAW NWR, TN	4	MB
56	RAINWATER NEBRASKA	6	WT
57	OVERFLOW NWR, AR	4	MB
58	SEVILLETA NWR, NM	2	SW
59	MATHEWS BRAKE NWR, MS	4	MB
60	MORGAN BRAKE NWR, MS	4	MB
61	BIG BOGGY NWR, TX	2	MB
62	ROANOKE RIVER, NC	4	MB
63	UPPER MISS. R. NW&FR, MN	3	MB
64	BLACKWATER NWR, MD	5	MB
65	TINICUM NEC, PA	5	SW
66	OK BAT CAVES, OK	2	SE
67	MB-GREAT MEADOWS NWR, MA	5	MB
68	SAN PABLO BAY NWR, CA	1	WT
69	TREMPEALEAU NWR, WI	3	WT
70	SUPAWNA MEADOWS NWR, NJ	5	MB
71	RACHEL CARSON NWR, ME	5	MB
72	ERIE NWR, PA	5	MB
73	HUMBOLDT BAY, CA	1	MB
74	CHARLES M. RUSSELL, MT	6	SW
75	ATWTRS PRAIRIE CHICKEN, TX	2	SE
76	KLAMATH FOREST NWR, OR	1	WT
77	GREAT SWAMP NWR, NJ	5	SW
78	WPA NEBRASKA	6	MB
79	TRUSTOM POND NWR, RI	5	SW
80	NECHES RIVER NWR, TX	2	MB
81	LITTLE RIVER NWR, OK	2	MB
82	DEEP FORK, OK	2	MB
83	NSVH-GR. MEADOWS NWR, MA	5	SW
84	WPA FLATHEAD MONTANA	6	MB
85	IDAHO REDHEAD WPA'S	1	MB
86	BOG BROOK, ME	5	WT
87	UTAH LAKE, UT	6	MB
88	PRAIRIE JOINT VENTURE, IA, MT, ND, SD	3 & 6	SW
89	GREGORY LANDING DIV, MO	3	MB
90	NATIONAL KEY DEER, FL	4	SE
91	CANAAN VALLEY, WV	5	WT

COMBINED NATIONAL PRIORITY LIST - Continued

NAT'L RANK	PROJECT	REGION	TARGET
92	GREAT DISMAL SWAMP, VA	5	SW
93	TENSAS RIVER NWR, LA	4	SW
94	LACREEK NWR, SD	6	MB
95	NISQUALLY NWR, WA	1	MB
96	ANGELINA RIVER, TX	2	MB
97	EASTERN SHORE OF VIRGINIA	5	SW
98	KOFA NWR, AZ	2	SW
99	MINNESOTA VALLEY NWR, MN	3	SW
100	MIDDLE SABINE, TX	2	MB
101	KIRTLAND'S WARBLER, MI	3	SE
102	ALLIGATOR RIVER, NC	4	WT
103	BUENOS AIRES NWR, AZ	2	SW
104	STEIGERWALD LAKE, WA	1	SW
105	MICHIGAN WPA	3	MB
106	CRYSTAL RIVER, FL	4	SE
107	FLORIDA PANTHER, FL	4	SE
108	WISCONSIN WPA	3	MB
109	MS SANDHILL CRANE	4	SE
110	ST. VINCENT NWR, FL	4	SW
111	J. CAMPBELL ADDITIONS, HI	1	SE
112	JAMES RIVER EAGLES, VA	5	SE
113	CIBOLA NWR, AZ	2	MB
114	KARL MUNDT NWR, SD	6	SE
115	WERTHEIM NWR, NY	5	SW
116	NISQUALLY-MEEK, WA	1	SW
117	BON SECOUR NWR, AL	4	SW
118	OURAY NWR, UT	6	MB
119	OHIO RIVER ISLANDS, WV	5	SW
120	BROWNS PARK NWR, CO	6	MB
121	BOGUE CHITTO NWR, LA	4	SW
122	SWAN RIVER NWR, MT	6	SW
123	LEE METCALF NWR, MT	6	SW
124	ARAPAHO NWR, CO	6	MB

MB = Migratory Birds
SE = Endangered Species
SW = Nationally Significant Wildlife Habitat
WT = Wetlands

Notes: (1) All projects have approved Preliminary Project Proposals or other approved decision documents. (2) This list supercedes the previous National Priority List dated January 29, 1988.

Question: Also provide a statement showing how the priorities were established. This would include raw data for each factor in the ranking formula and the raw/weighted scores for each parcel.

Answer: The Land Acquisition Priority System (System) is implemented by a computer program that contains over 9,000 lines of computer code. Guidance is detailed in a 67-page manual and a 300-page user's manual. Because these documents are lengthy, the 67-page manual is being provided under separate cover.

The System provides a priority ranking by project, not by individual tracts within the project. the program generates and eight-page report for each project in the System. this would amount to over 1,000 pages of information for the 124 projects that are listed above. However, the System does include some information on individual parcels such as their number, acreage, estimated cost, as well as information on willing sellers, etc.

Migratory Bird Conservation Account (MBCA)/Refuge Entrance Fees

The Emergency Wetlands Resources Act of 1986 provided for a system of refuge entrance fees. These fees are to be distributed to two sources: 70 percent to the MBCA for acquisition of wetlands and 30 percent to refuges for operation and maintenance.

The estimates in the budget for fee receipts are $2.6 million in total, of which $1,878,000 will go into the MBCA, and the remainder of $722,000 will be provided to the fee collecting refuges for operation and maintenance costs.

However, as I understand the 1988 experience to date, I have doubts as to whether the start up costs will be covered.

Question: What has been your experience to date? (I understand about $300,000 has been collected so far. The start up costs are $431,590 for fiscal 1988, including the costs of building entrance kiosks, buying cash registers, etc. The annual operating cost is estimated to be $400,000 for about 25 FTE's)

Answer: As of February 1, 1988, approximately $395,000 has been collected from 15 stations. Additional refuges are scheduled to initiate collections by the following dates: May 1, 1988 - 18 refuges; June 1, 1988 - 2 refuges; August 1, 1988 - 1 refuge; September 1, 1988 - 1 refuge. Refuges presently collecting fees initiated their programs between September and December, 1987. Due to the relatively short time that fees have been collected and the large number of variables involved in projecting total collections, there is no experience with which to judge the accuracy of projected receipts. Total start-up costs for the 37 stations is estimated at $635,000 and FY 1988 operation and maintenance costs for these stations is estimated at $555,000.

Question: I understand that the Service will have to receive over $730,000 in 1988 to cover its costs. Is that accurate?

Answer: Annual operation and maintenance costs are projected to be approximately $555,000 for FY 1988 and $716,000 for FY 1989.

Question: How much will have to be collected in total for the Service to receive $730,000? (about $2.3 million)

Answer: Present projections indicate that in order for $730,000 to be returned to the Service for refuge operation and maintenance, a total of approximately $2.9 million would need to be collected. About $500,000 of that amount would come from sales of Duck Stamps, of which 100% of the proceeds are deposited into the Migratory Bird Conservation Account.

Question: How many visitors does this represent, and how does that compare to prior years?

Answer: Annual visitation to the 37 stations involved is approximately 7.5 million. Observations to date indicate no detectable reduction in visitation with initiation of entrance collections.

Question: If the Service does not cover its annual collection cost at a given refuge, will it continue to charge and collect a fee at that site?

Answer: Entrance fee programs will be monitored over time to determine success of the effort. The need for modification of collection procedures will be evaluated before a decision is made to discontinue collections. Because of seasonal visitation and other variables at work, it may take as much as one year in many

cases to adequately assess the full potential of entrance fee collections at a given site.

Question: If the Service does not cover its start up costs in 1988, should the Committee consider an appropriation to cover these items so that other programs are not called upon to subsidize the fee collection program?

Answer: Adequate funding is already available to the Service to initiate the planned fee collection program.

Question: Does the Service have a policy in place at the current time to share the fee collection receipts with non-fee collection refuges? If not why not?

Answer: The Service has a system in place that can accommodate the distribution of entrance fee receipts to any refuge (except Alaska which was legislatively excluded). The Service is following the legislated priorities for distribution of receipts which give first priority to defraying collection costs, second priority to operation and maintenance at collecting stations, and third priority to other refuges.

Endangered Species Recovery

Question: If Congress added $500,000 to the FY 1989 request for recovery, where will it be spent?

Answer: If an additional $500,000 were provided to the Service for endangered species recovery activities, based on current information and priorities, the funds would be allocated to the following species:

Florida Panther	$200
Attwater's prairie chicken	30
Appalachian mollusks	75
Manatee	125
Whooping crane	70
Total	$500

Peregrine Falcon Funding

Question: For the record, please explain the $46,000 proposed for the Peregrine falcon on page 37, and the $281,000 proposed for peregrine falcon on page 36?

Answer: The $46,000 refers to the money that the Fish and Wildlife Service provides to the Peregrine Fund over and above the $300,000 Congressional increase in 1988. Stated another way, the Fish and Wildlife has a $346,000 contract with the Peregrine Fund to conduct captive propagation of Peregrine falcons for recovery work in 1988.

The $281,000 refers to the base funding for peregrine recovery work. It is composed of base funding of $235,000 for Fish and Wildlife Service activities to implement recovery of the Peregrine falcon plus the $46,000 contracted to the Peregrine Fund. Due to the extent of this recovery effort, i.e., from the west coast to the east coast, the Fish and Wildlife Service has numerous regional and field office staff coordinating efforts with State Wildlife agencies and the Peregrine Fund. The $281,000 base has been requested for 1989, however, this $300,000 has been proposed as a decrease in 1989.

Arctic Goose Education Program

Question: You are proposing a $460,000 reduction in the Arctic Goose Education program in FY89 (pg. 67). This program has been very successful in educating Alaska Natives on the importance of management of the Arctic goose. This reduction is justified in the budget because of several one-time informational products which will allow the program to continue with a reduced funding level. Can you explain these informational products?

Answer: We have several one-time information and educational products planned for completion during this fiscal year. These products will account for approximately $230,000 of Fiscal Year 1988's budget for Arctic goose information and education. These products include:

1) A feature length video on the arctic goose story (the story is about a cooperative management effort by Alaskan natives, the States of Alaska, Washington, Oregon and California, private groups and the Fish and Wildlife Service);

2) A curricula entitled "Teach About Geese", will be printed and distributed to teachers on the Yukon Delta this fall. This product has been under development and testing during the past two and half years;

3) A simplified booklet on goose biology and management, a research poster/brochure series, a non-technical version of a three year village goose/waterfowl harvest survey, a briefing book and seven other smaller items are also scheduled for completion; and

4) The purchase of computer and video equipment for future development of goose information and educational programs.

We anticipate all of these items will be used for a number of years, but the major expenditure will take place in 1988.

Question: How will the actual education, and not the informational products, change under your FY89 proposal?

Answer: Overall, the proposed funding level will be adequate to continue to carry out an effective information and education program in Fiscal Year 1989. The capability to expand the program to native villages in the Bristol Bay/Alaska Peninsula area, the Selawik area and the North Slope would be reduced. Fewer new information and education products and activities would be developed. Priority educational activities dealing with native leaders, meetings, some teacher training and proven information and education products now in existence would continue to be produced, but their distribution to new areas will be limited.

Question: Under your proposal, will the program continue with the same effectiveness?

Answer: We feel that we can carry on an effective program in Fiscal Year 1989 with the funding available.

Refuge Contaminants

Question: You have requested an increase of $1.9 million to accelerate corrective actions for the highest priority contaminant problems on the National Wildlife Refuges. Please provide for the record a list of the sites and a brief description of work proposed for contaminants?

Answer: Activities for which the Service has lead responsibility in corrective actions during FY 1989 include:

CRAB ORCHARD NWR ($400,000; PCBs/Industrial Wastes/Asbestos) - A Remedial Investigation/ Feasibility Study initiated in FY 1985 to evaluate chemical contaminants at 32 sites on the refuge will be completed during FY 1988. The study will include cleanup recommendations for Service approval. Based on the cleanup alternative selected by the Service, cleanup should commence during FY 1989.

GREAT SWAMP NWR ($500,000; Asbestos/Landfills) - There are three contaminant issues being addressed at Great Swamp NWR. (1) Dietzman's dump, an asbestos dump, is being addressed by the responsible party. (2) The second issue involves Harding landfill, an abandoned municipal dump on what is now refuge property. The EPA and the Service are conducting studies of this site and expect to continue those studies during FY 1989. (3) The issue for which cleanup activities will be conducted during FY 1989 is Miele's dump, located partly on (35 acres) and partly off (135 acres) current refuge property. It was a private landfill that had been used since the 1960's, and contains a variety of industrial and municipal drums and waste and may have been used for illegal dumping in the late 1960's and 1970's. The EPA has conducted studies at the site since 1984. The Service is negotiating with Mr. Miele on cleanup responsibilities. The State of New Jersey is requiring the Service and the responsible party to place monitoring wells on individual properties to determine groundwater impacts. The results of this investigation are expected to assist in determining cleanup strategies during FY 1989.

TINICUM NEC ($800,000; Landfills) - There are two contaminant issues being addressed at Tinicum NEC. (1) From 1961 to 1974 the Folcroft landfill was used to dispose of municipal, demolition, hospital and industrial wastes. In 1980 the property was added to the refuge and studies have revealed the presence of potentially toxic concentrations of metals, pesticides, and cyanide contamination. An environmental impact statement will be underway in FY 1989 to assess cleanup alternatives. The EPA has researched the various potentially responsible parties involved in the Folcroft landfill history and notified them that they may be responsible for cleanup. (2) The other site, Clearview landfill, is located adjacent to the NEC along Darby Creek. Unknown municipal wastes were disposed of at the site. Studies of this site are continuing. EPA has the lead in site investigation.

GREAT DISMAL SWAMP NWR ($80,000; Landfill) - Suffolk landfill, closed in 1985, was an unregulated dumpsite believed to have received materials containing hazardous organic chemicals (PCBs, agricultural pesticides, etc.) and inorganic (lead, arsenic, mercury, copper, etc.). The landfill drains onto the refuge by way of the Pocosin River and Washington Ditch to Lake Drummond. Based on studies that have been conducted, the site is currently being considered by the EPA for inclusion on the list of "Superfund" sites.

EDWIN B. FORSYTHE NWR ($40,000; Buried drums) - Prior to the refuge being established, a small site located half a mile inside the refuge was used as a dump. Presently the area is covered by clean fill dirt, but a few drums (contents unknown) are exposed. The Service expects to remove the drums in FY 1989, pending results of a final site inspection by the EPA.

IROQUOIS NWR ($80,000; Buried drums) - A small drum of 2,4,5,-T and 25 pounds of DDT were buried on the refuge in 1969. The Service plans to remove and dispose of the drums in FY 1989.

New Refuge Operations

Question: An additional $524,000 has been requested in FY 1989 for refuges that have been established or significantly expanded. Does this increase cover the need?

Answer: The increase covers custodial levels of management and protection of these areas. Although resource management funding for new or expanded refuges is not linked to the acquisition process, an additional $5,380,000 has been appropriated over the last 3 years to address accumulating base operational needs (FY 1986 - $2,734,000; FY 1987 - $1,646,000; and FY 1988 - $1,000,000).

Question: Please provide for the record the location of the refuges for which these funds are proposed?

Answer: Although final allocation will depend on such factors as progress of acquisition, refuges that may be funded from this request include: Ash Meadows Refuge in Nevada, Humboldt Bay Refuge in California, San Joaquin Refuge in California, Bitter Creek Refuge in California, Little River Refuge in Oklahoma, Oklahoma Bat Caves Refuge in Oklahoma, Florida Panther Refuge in Florida, Cache River Refuge in Arkansas, Stewart McKinney Refuge in Connecticut, Arrowwood Refuge in North Dakota, and Devils Lake Wetland Management District in North Dakota.

Challenge Grants

Question: What do you anticipate to be accomplished with these funds in FY 1988?

Answer: Involvement with a diversity of primarily local groups will be emphasized and a variety of projects will be undertaken on Service lands to improve fish and wildlife habitat and public use facilities. Examples of types of projects are: installation of wildlife drive exhibits and signs, placement of fish habitat structures, trout stream habitat improvement, restoring wetland habitat, and developing and installing visitor center displays.

TIGLAX Operating Costs

Question: In FY87, the new Service 120-foot motor vessel Eagle (pg. 80 and 81) was completed and tested in extended sea trials throughout the area of operation. The Tiglax is proposed to operate in the Bering and Chuckchi Seas, Gulf of Alaska and North Pacific Ocean. In FY88, $500,000 was added for operation of that vessel. What is included in the FY89 budget for the Tiglax?

Answer: In addition to the FY 1988 Congressional increase of $500,000, the FY 1988 budget included $200,000 in vessel operating funds. A total of $700,000 is available for vessel operations in FY 1988, and this same amount is included in the FY 1989 budget.

Question: What is the optimal funding level for this vessel?

Answer: The funding proposed in the FY 1989 Budget is sufficient to carry out all important vessel operations and is considered optimal for the vessel.

Conservation Plans

Question: A major thrust in Alaska will be the implementation of priority projects identified in the comprehensive conservation plans (pg. 81). The Service will initiate these plans "through development of step-down management plans to address specific resource issues." Can you elaborate on how these plans will be implemented?

Answer: The comprehensive conservation plans that were developed for Alaska refuges provide general guidance, broad land use classifications and generic goals and objectives. The next phase is to step down the general or generic guidance into specific management actions. The Service will be preparing a series of step-down management plans for Alaska Refuges. These include management plans for public use, habitat, big game, fisheries, etc. These plans will present a specific management strategy indicating what informational needs exist and how that information will be collected, what facility development might be necessary and any other management actions that may be necessary to implement the plan including wildlife management techniques or regulatory actions. Many of these plans will be accompanied by environmental assessments to provide the public with an opportunity to comment on various alternatives. Since the management plans are currently in the developmental stage, specific procedures for their implementation are not available.

Question: What is the status of conservation plans for the lower 48?

Answer: The Comprehensive Conservation Plans are unique to Alaskan Refuges, as required by the Alaska National Interest Lands Conservation Act, and are not prepared for refuges in the lower 48.

Forensics Laboratory

Question: At the Fish and Wildlife Service's hearing in FY88, you testified that the new forensics lab would be complete in August of 1988. Can you provide the Subcommittee with an update on the status of construction?

Answer: Construction of the new National Fish and Wildlife Forensics Laboratory should be completed in late September 1988, with the dedication scheduled for October 1, 1988. To date, the building is about 70 percent complete, the building is closed in and work is underway on the inside of the structure.

Question: What is included in the FY89 request for operation of the laboratory?

Answer: The FY 1989 President's Budget includes $515,000 for operation and maintenance of the laboratory.

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Question: The North American Waterfowl Management Plan calls for protection of 300,000 acres of coastal habitat from Texas to Georgia and an additional 386,000 acres of Bottomland Hardwoods between 1986-2000. The plan also calls for increasing the carrying capability for lands already acquired for waterfowl. It is anticipated that the plan will cost over $1 billion over the next fifteen years. These costs will be spread around through the participation of State, Provincial, Territorial and local governments, private conservation groups, businesses and interested citizens. What is the Service doing to encourage the non-Federal entities to contribute?

Answer: "Joint Venture" efforts are being initiated in the Gulf Coast, Bottomland Hardwoods, and in four other key habitat areas. This Joint Venture procedure was developed to encourage participation in habitat protection efforts by other Federal agencies, State agencies, and appropriate private organizations. The purpose of a Joint Venture is to focus land protection efforts on the highest priority waterfowl habitat sites using habitat categories identified in the NAWMP. These habitat sites are then reviewed/assessed and protection responsibilities (fee title, easement, management) are

assigned to participating agencies/organizations. In this way, specific contributions can be identified for all interested parties. The Service feels that this will enhance participation. Also, since this habitat protection effort will be of benefit to all participants, they will be involved in the planning process from the beginning and will continue to participate in all phases of the procedure until specific goals are achieved.

Question: What is the status of the $6.0 million in land acquisition funds Congress provided in FY 88?

Answer: The entire $6.0 million has been allocated to the Regional Offices to acquire lands within the priority habitat categories of the North American Waterfowl Management Plan. Through February 1988, $1,559,100 has been obligated for the acquisition of 1,848 acres. One parcel consists of 1,000 acres under perpetual easement in the Central Valley of California and the other purchase is an 848-acre addition to Lacassine National Wildlife Refuge within the Louisianna Gulf Coast. The remaining funds are allocated to the Middle-Upper Atlantic Coast Black Duck, Lower Mississippi River Delta Bottomland Hardwoods, and the Prairie Potholes Habitat Categories.

Management of Matagorda Island

Question: In Fiscal Year 1987 and Fiscal Year 1988, Congress provided $8 million to purchase part of what is commonly known as Matagorda Island. Can you bring the subcommittee up to date on your management plans of the land?

Answer: The Fish and Wildlife Service is presently managing the 11,502-acre Wynne Ranch on Matagorda Island, under lease from The Nature Conservatory pending final payment to complete the purchase of the entire 11,502-acre tract.

Current management of other Federal lands on the island by the Texas Parks and Wildlife Department under the Memorandum of Agreement has worked well. It has assured protection of the important whooping crane habitat on the island. The lands currently owned by the Fish and Wildlife Service are important; however, the cranes spend much of their time on tidelands which are owned by the State. Since State management of the Federal and state areas has worked well, we question the need to have two managing agencies in the area when the job could be done as well by either.

While we have a strong predilection to extend the Congressionally approved management agreement to cover the Wynne property, a decision is yet to be made on the issue. Should it be decided that the state would manage the area, it would act as our on-the-ground agent in accordance with the laws and regulations governing management of the National Wildlife Refuge System.

As with our other national wildlife refuges, the area would be closed to all uses until a particular use is determined to be compatible with the purposes for which the refuge was established. No incompatible uses such as condominiums, convention centers, or private hunting facilities will be permitted on the refuge.

Piping Plover

Question: Can you bring the subcommittee up-to-date on the identification of critical habitat for the piping plover?

Answer: The Service has recently initiated action to prepare critical habitat recommendations for the plover along the U.S. Atlantic Coast. The Service is contacting State biologists to discuss specific areas that should

be recommended as critical habitat. It is probable that National Wildlife Refuge beaches listed below will be recommended as critical habitat.

The Service proposes to close a number of National Wildlife Refuge beaches to public use to protect nesting piping plovers. The final assessment on the long-term management of Trustom Pond National Wildlife Refuge (Rhode Island) calls for the closure of Moonstone Beach to public use to protect piping plovers during the nesting season (April 1 - August 31). A draft Environmental Assessment proposes closing the Tom's Cove Hook Area of Chincoteague National Wildlife Refuge (Virginia) from March 15 to August 31. Previous closures have occurred on Parker River (Massachusetts), Monomoy (Massachusetts), Morton (New York), and Forsythe (Holgate Unit) (New Jersey) Refuges.

Rehabilitation of Leetown National Fisheries Center

Question: We added $1,500,000 for construction and rehabilitation of fish ponds at the National Fisheries Center at Leetown, West Virginia, which are needed to produce striped bass for research programs. The striped bass population in some areas, particularly in the Chesapeake Bay, are severly depressed. Would you agree that research is needed to determine why and what to do about the declining population of striped bass?

Answer: Research on striped bass is needed to address factors causing the decline such as overfishing, contaminants, habitat disturbances and stock enhancement through aquaculture as a means for mitigating the decline.

Question: Recognizing that the Continuing Resolution was only enacted on December 22, 1988, what is the status of the work at Leetown?

Answer: The status of the Leetown experimental research pond renovation project is as follows:

- Completion of the phase I, Title I, hydrology report by the Service Engineering Center and Service Architectural/Engineering firm. This study determined the water availability and flooding limits on the existing National Fisheries Research Center-Leetown site for the preliminary design phase of the project. Water quantity and quality are adequate if properly managed.

- Completion of the phase II, Title I report on construction of experimental research ponds by the Service Engineering Center and Service Architectural/Engineering firm. This report contains design requirements for the proposed experimental research ponds. Preliminary cost estimate data for these proposed facilities are included.

- Service Engineering Center and National Fisheries Research Center-Leetown personnel are now putting together specific packages showing what facilities can be built with existing funds and estimating costs for a water reservoir, water supply pipelines, pumping facilities, and aeration systems to more efficiently utilize the ponds being constructed.

Question: Do you anticipate any problems in obligating the money in a timely manner?

Answer: No. Title I design studies are complete. Initiation of Title 2 (final design) is pending. We anticipate putting out bids this summer with obligation of existing funds and initiation of pond construction by October 1988.

Question: Will you provide us with a schedule for completion of the project?

Answer: The schedule will soon be finalized and will be forwarded as requested.

Question: Also, $350,000 was added to convert the bottom floor of the National Fisheries Academy Building into a wet lab, to support the striped bass research program. I am told that the ground floor has been largely under-utilized as a training site.

Answer: The bottom floor of the Fisheries Academy building is being under-utilized as a training site and will make an excellent wet lab for striped bass research. It is being renovated to meet that need.

Question: How many staff are presently working on striped bass research at Leetown, and how many will be employed in this task once the rehabilitation of the Academy building and the ponds is completed?

Answer: Six are currently employed. A total of nine will be employed upon rehabilitation of the Academy building and completion of pond construction.

Question: When do you anticipate being able to have the lab complete and have the research fully underway?

Answer: The lab will be completed by October 1988, the ponds by 1990. All striped bass research should be fully underway at that time.

Question: Does the Service propose to repair the former hatchery raceways at Leetown for use as a demonstration hatchery? If so, when will that work be initiated and what do you estimate it will cost?

Answer: The Service has not identified repairing the former hatchery raceways as a demonstrative hatchery as a priority at this time.

Question: The budget request includes an increase of $500,000 for research facility maintenance. Do you know where that money will be spent? How much will be spent at Leetown?

Answer: Funding will be distributed to several Research Centers to complete major maintenance projects as follows:

Estimated ($ 000)	Maintenance Project	Center
50	Rehabilitation of Vessels	NFGL-Great Lakes
300	Structural Repairs to Buildings	NFRL-Leetown NPWR-Jamestown PWRC-Patuxent NFLX-La Crosse NWHR-Madison NFRS-Seattle NFRG-Gainesville NFCR-Columbia NFGL-Great Lakes

50	Repairs to Roads/Parking Areas	NFLX-La Crosse
100	Repairs to Water Control Structures	NFRL-Leetown PWRC-Patuxent NPWR-Jamestown

A portion will be used at Leetown for structural repairs of buildings and water control structures.

Question: I understand that the budget proposes to reduce funding at the Leetown Center by $146,000 (or 5 percent) from the 1988 level to the 1989 level. Why is that?

Answer: The FY 1989 budget reduction of $146,000 at Leetown is as follows:

- Fisheries Review & information transfer reduction is part of $250,000 President's budget reduction.	$ 34,000
- Federal Employees Retirement System recalculation as mandated.	$ 25,000
- Maintenance funding (all maintenance is distributed from a central account on a priority basis)	$ 89,000
	$146,000

Question: Is the Health Laboratory currently staffed at up to the level contemplated when the facility was designed and constructed?

Answer: The current staff of 12 is adequate to conduct highest priority research. A total of 18 employees was the level contemplated when the facility was originally designed and constructed.

Question: Is the Nation's fish population becoming healthier or poorer in health over time?

Answer: Fish health seems to be deteriorating both in wild and hatchery populations. Wild populations are increasingly stressed by pollution and other habitat disturbances. Hatchery populations by their nature suffer from a myriad of diseases, including new ones that are being observed.

Question: Why is our Fish Health Research funding going down, not up?

Answer: Fish Health Research funding within the Fish and Wildlife Service is not decreasing. In FY 1987, it was $967,000; in FY 1988 it will be $1,099,000 and in FY 1989 it is projected to be $1,103,000. Fish health research funding at NFRL-Leetown in FY 1987 was $683,000; in FY 1988 it will be $800,000; in FY 1989 it is projected to be $800,000.

Question: Will you provide a summary of funding needs and projects for the record, so we can review them?

Answer: The following needs and projects for the Fish Health Laboratory are in order of priority:

1. Determine effects of physiological stress in predisposing cultured striped bass to infectious agents.

2. Registration of antibacterials for control of infectious diseases in cultured striped bass.

3. Genetic manipulation and stock discrimination of striped bass.

4. Effects of diet and diet ingredients on the severity of the major fish pathogens of salmonids and striped bass.

5. Development of a practical Ichthyophthirius vaccine for cultured catfish.

Funding in the amount of $400,000 would accomplish these needs and projects.

Hatchery Maintenance

Question: I notice that your budget proposes to increase the amount provided for hatchery maintenance nationwide by $1,230,000, or an increase of 40% over 1988 funding levels (p. 114). Will this enable the Service to reach a current level of maintenance in National Hatcheries?

Answer: The $3.051 million in the FY 1988 appropriation and the $4.052 million proposed for FY 1989 for hatchery maintenance under the Resource Management/Fisheries/Hatchery Operations and Maintenance subactivity will address highest priority maintenance needs in the National Fish Hatchery System, but will not fund all projects. Not all maintenance and rehabilitation projects need to be funded next fiscal year, but can be addressed in an orderly fashion over the next few years. Moreover, some of the rehabilitation projects would be more appropriately funded under the Construction Activity, as planning, design, and obligation of funds would take more than 1 fiscal year.

Question: If not, what level of funding would be required?

Answer: As directed by Congress in reports on the FY 1988 Appropriations Act, the Service has prepared a report that estimates the total rehabilitation and maintenance needs of the National Fish Hatchery System. This report was transmitted to the Congress on May 20, 1988.

Question: Will increases in production accompany these investments in hatchery maintenance and repair?

Answer: Increases in production will not necessarily result from maintenance and repair. In many cases, maintenance is preventative to assure no future loss of production. In other cases, maintenance is needed to address health and safety problems. Repair and rehabilitation can also result in higher quality fish without necessarily increasing production. No comprehensive estimates of potential production increases associated with hatchery maintenance have been made, except in the case of striped bass production. The report titled A Review of the Potential for Increasing Striped Bass Production at Existing National Fish Hatcheries Through Rehabilitation or Expansion, transmitted to Congress on January 25, 1988, estimated that an investment of $20.9 million would result in an increase in production of 4.387 million additional phase I and 2.981 million additional phase II striped bass.

Question: What is the economic value of that additional production?

Answer: No estimate of the economic value of any increase in production, including striped bass, has been made.

Question: Do you have a proposed distribution of the increased funding requested?

Answer: Distribution of proposed hatchery maintenance funding for FY 1989 has not yet been made on a hatchery-by-hatchery basis. The $1.23 million increase will be distributed on the basis of priorities contained in the report on hatchery maintenance needs submitted to Congress on May 20, 1988. The FY 1989 base funding, $2.822 million, has been budgeted to the Regions as follows:

Region 1 - Western Region	$726,000
Region 2 - Southwestern Region	315,000
Region 3 - Great Lakes Region	342,000
Region 4 - Southeastern Region	475,000
Region 5 - Northeastern Region	531,000
Region 6 - Intermountain Region	433,000
	$2,822,000

Question: How much do you estimate will be added at Bowden National Fish Hatchery, or at White Sulphur Springs National Fish Hatchery?

Answer: The station specific allocation will be made on the basis of the report on hatchery maintenance needs that was transmitted to the Congress on May 20, 1988.

Maintenance at Bowden Hatchery

Question: The Continuing Resolution added $210,000 to the Bowden fish hatchery in 1988 for rehabilitation of some of the ponds. Are there other needs remaining to be funded at Bowden? For example, I understand that several vehicles and other equipment, including the tractor and backhoe, are 10 years old and need replacing. Is this right?

Answer: The tractor and backhoe are no longer dependable and repairs are costly. These items are listed on the hatchery's priority maintenance list below at an estimated cost of $30,000.

Question: Would you please provide a complete list of funding projects needed to make our investment at Bowden a sound investment in terms of providing trout and striped bass?

Answer: A breakdown of essential maintenance needs for Bowden NFH is shown below.

Essential Maintenance Needs (in National Priority Order)

Nat'l Priority		
90	Replace 1 distribution tank	$20,000
	Sedan delivery replacement	$12,000
	Replace raceway stand pipes with alfalfa valves	$ 7,000
121	Replace overhead garage doors and install dropped ceiling in hatchery	$23,000
	Replace tractor (inc. sickle bar and backhoe)	$25,000
	Rehabilitate visitor center	$10,000
148	Replace hatchery boiler	$10,000
	Replace entrance sign and flag pole	$ 4,000
	Total Essential Maintenance Needs	$111,000

Maintenance White Sulphur Springs Hatchery

Question: I understand that the White Sulphur Springs hatchery has a number of ponds that also need rehabilitation, and that there is a need for a storage building to be built on the site. Do you have a current list of projects and costs we need to consider at White Sulphur Springs?

Answer: A breakdown of the highest priority needs for White Sulphur Springs NFH is shown below:

Nat'l Priority		
49	Develop and test pump 6" well across Wades Creek. Remove existing submersible pump. Install a new 300 gpm vertical turbine pump, including bowl assembly, column assembly, discharge head and motor, connect and bring 4" line across Wades Creek to existing water supply at head of California Raceways; approximately 400 li.ft. To include flow meter and 4" gate valve. install new electrical panel.	$ 35,000
49	Sealcoat asphalt roadways and parking areas, entire station; 1 1/2 miles	$ 10,000
49	Rehabilitate dirt ponds - B-1, B-2 and F, 1.2 acres, reshape, apply new clay and line with creek gravel. Replace catch basin and include safety ladder down into drain pipe area. Install new concrete pad in pond for aerators and new concrete spill-way at head of pond. Install adequate electrical outlets for aerators.	$ 60,000
103	Replace boundary fencing on hatchery property, to include posts. 0.7 miles	$ 40,000
153	Install 300 li.ft. of 36" corrugated metal pipe drainage ditch near lower spring, to include two winged concrete structures, cover with fill dirt, apply top soil and seed	$30,000
299	Dirt fill Ponds A and G, spread top soil and seed, install new storage building on Pond a, provide entrances	$125,000
Total Development Funds Needed for the Program		$300,000

Hatchery Operations

Question: I am also concerned that overall funding levels for basic hatchery operating costs may have not kept up with increased costs including inflation, the cost of fish food, chemicals such as disinfectants, electricity, and others. Are hatcheries in general, and White Sulphur Springs and Bowden in particular, adequately funded for basic operating costs? Are we shifting any maintenance funding to support operational costs? If so, please, provide a detailed report for the record on this problem and what we need to do to correct it.

Answer: In general most hatcheries are adequately funded to meet high priority needs. However, some specific activities have been deferred and some hatcheries are not operating at optimum capacity. For example, in FY 1988, sufficient funding is not available for operation of the Great Lakes fish distribution vessel M/S Togue and for microtagging in the Great Lakes lake trout restoration program. However, a $250,000 increase for Great Lakes lake trout production is being requested in FY 1989 to correct this shortfall.

There have also been some minor problems elsewhere. In the Southwest, funding for some operational support activities has been insufficient. In the Northwest, limited operational funding has resulted in the under-utilization of salmon production capacity. In the Northeast, a sharp increase in the price of fish food for Atlantic salmon has resulted in minor operational funding problems.

Specifically, the operational funding for White Sulphur Springs National Fish Hatchery is adequate to meet basic operating costs. Bowden National Fish Hatchery has, however, experienced some funding problems in FY 1988. These problems resulted in part from one-time expenses associated with relocation costs for the new manager, increased emphasis on striped bass production, and an unanticipated increase in the cost of fish food.

Striped Bass Restoration

Question: Let me return to the striped bass program for a minute. Is the Chesapeake Bay striped bass restoration program the Service's highest striped bass restoration project? In other words, compared to the South Atlantic coast project or the Gulf of Mexico restoration project, is the Bay project the first area for the Service to consider additional investments?

Answer: In order for the Service to meet its goal of restoring anadromous striped bass to full self-sustaining productivity, the resource objectives from all the management areas comprising the Service's anadromous striped bass restoration efforts (Chesapeake Bay, sounds and coastal rivers of North Carolina, South Atlantic coast, and Gulf of Mexico coast) must be considered. The restoration of Chesapeake Bay striped bass stocks ranks high among these objectives.

Currently, the Service is participating in a number of major cooperative striped bass restoration efforts:

-- 5-year cooperative agreement, signed in 1985 with the State of Maryland and joined by Virginia in 1986, for a pilot program to assess the use of hatchery-produced striped bass to supplement poor natural production as a means of expediting restoration of Chesapeake Bay stocks;

-- Cooperative agreement with the North Carolina Division of Marine Resources and the North Carolina Wildlife Resources Commission to establish mutual agreement on the restoration of self-sustaining stocks of striped bass in North Carolina coastal river basins;

-- Cooperative agreement with the State of South Carolina to establish mutual agreement of the restoration of striped bass stocks in the Santee Cooper River and other river systems in the State; and

-- Cooperative agreements with the States of Florida, Georgia, and Alabama to coordinate activities to stabilize Gulf race striped bass populations in the Appalachicola River, agreements which build on historic restoration efforts intensified in 1977.

The Service is also developing cooperative agreements with the States of Mississippi, Louisiana, and Texas to restore striped bass populations in major river systems of the central Gulf and Texas Gulf coast waters.

Question: As I understand it, the goal for the Service is to stock between 1 and 3 million fish in the Bay, and last year's achievement was about 800,000 fish. Is that about right?

Answer: The combined stocking goal of the States and the Service for Chesapeake Bay is to distribute approximately 1 million phase II (4-6 inches) striped bass. In 1985 and 1986 respectively, the Service marked and stocked approximately 135,000 and 313,000 striped bass in the Chesapeake Bay. In 1987, approximately 800,000 striped bass were marked and stocked into the Bay. The Service reared approximately 417,000 of these fish.

Question: What is the current limiting factor to additional stocking of striped bass in the Bay?

Answer: At this time, the limiting factors for stocking phase II striped bass are the current striped bass culture techniques which need refinement to improve overall rearing success and facility limitation.

Question: Where would the Service suggest that a new spawning facility be built?

Answer: The Service has not looked into the possibility of developing additional capacity for rearing striped bass for the Chesapeake Bay area but has concentrated on improving striped bass culture as the most cost effective means of improving production. A functional and cost effective striped bass hatchery strongly depends upon the chosen location for the facility. A hatchery is best located as close as possible to the spawning grounds and should have a sufficient quantity and quality of salt and freshwater for the rearing of eggs, larvae, and fish. If not constructed at an existing hatchery, the western shore of Chesapeake Bay would be the preferred location from a transportation and accessibility standpoint.

Striped Bass Restoration Program and Additional Construction at Bowden

Question: If we increase our ability to spawn more striped bass, would it be reasonable to have those fish grown to the desired size at the hatchery in Bowden, then transported to the Bay?

Answer: Bowden NFH offers a good location for rearing of additional striped bass for transporting them to the Chesapeake Bay. The ability of the hatchery to accommodate expanded production would be linked to expansion/rehabilitation of the existing facility. However, Bowden is ranked number 15 on the Service's priority listing for rehabilitation at national fish hatcheries to optimize striped bass rearing and distribution for restoration purposes. It is ranked number 17 on a similar list for expansion.

Question: We considered funding a major hatchery expansion program at Bowden last year but we were concerned that the Service was not ready. What do we need to do at Bowden to be able to accommodate this increase in rearing capacity?

Answer: The facility has the potential to expand and develop on approximately 5 acres of land within existing hatchery boundaries. An adequate water supply would be available from existing water sources. Construction of three 0.5 acre and three 1.6 acre ponds, 16 raceways and raceway covers, a feed building, and necessary pavement is estimated at $2,982,000. Additional operation and maintenance costs would be about $35,000. Costs would total approximately 3,017,000. The output from an expanded facility is

estimated to be 286,000 phase II striped bass for Chesapeake Bay restoration.

Question: Will the Service be ready to support the additional funding this year, at least on program grounds even if OMB won't agree to support it?

Answer: The highest priority needs, including health and safety projects, are accommodated in the proposed budget. The Fish and Wildlife Service could not support construction of any projects prior to completion of proper design and planning activities. Therefore, construction funding above the amount requested in the President's budget is not supported.

Question: Because there are only two Federal hatcheries in the northern region rearing striped bass for the Chesapeake Bay restoration program, would additional hatchery production in this region free up hatcheries in other regions to meet other needs?

Answer: Region 5 has been partially funded for constructing striped bass production facilities at Lamar NFH in Pennsylvania. It would seem logical to assume that increased production at suitable facilities in the northeast would free up some hatchery capacity in other regions that could be devoted to other needs.

1985 Flood Recovery Needs

Question: I know the Service has been heavily involved in the after-effects of the 1985 flood in West Virginia. Is there a continuing workload associated with restoring those rivers for fish production?

Answer: There is not a continuing workload to this time.

Question: Is the Service able to keep up with the Corps of Engineer studies related to that flood recovery activity?

Answer: Yes, satisfactory progress has been made.

Question: Would an additional fisheries biologist accelerate the work?

Answer: The Service has developed a restoration proposal, that could utilize an additional fisheries biologist. However, the work is not of sufficient national priority to be included in the budget request.

Question: Will an additional fisheries biologist also speed up the time when West Virginia sportsmen will be able to fish productively again in those streams damaged by the flood?

Answer: This would be a part of the restoration proposal.

Question: What are you doing to ensure that fish habitat improvement projects do not increase the likelihood of floods in the future?

Answer: All habitat improvement projects are coordinated with the Corps of Engineers through their permit program. As part of the Corps' public interest review, they ensure that the projects are not flood hazards.

Question: Are there any cases in West Virginia where you have recommended a trade-off between fish habitat and flood protection? If so, please identify them.

Answer: No, this has not occurred.

Additional Staffing in Elkins

Question: We have had a nationwide initiative in the past several years, focusing on the spread of contaminants throughout fish and wildlife populations. Frequently, the existence of environmental contaminants (such as mercury or lead or selenium) in fish and wildlife serves as an early warning system for impending human health problems. What is the level of the environmental contaminant activity currently being performed in the Elkins field office?

Answer: The Elkin's office has been involved in performing several preliminary natural resource surveys (PNRS) on EPA designated priority Superfund sites. The purpose of the PNRS is to determine if Service trustee resources are affected by contaminants on the sites. PNRS were done on four West Virginia sites in 1987. They were for Morgantown Ordinance Works, a Leetown pesticide site, the Mobay Chemical Corporation, and Fike Chemical Incorporation. Most recently, the Elkins office was involved in the Ashland Oil Company spill.

Question: Have West Virginia's rivers and streams been the beneficiary of any of the increased contaminant funding?

Answer: During FY 87, a study was done of contaminants in fish from the Kanawha River. A station at Winfield on the Kanawha has been monitored since 1969 for chemical residues in fish.

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

Tensas River National Wildlife Refuge

Question: I understand that the road that leads to the Tensas River National Wildlife Refuge is in very poor condition. What portion of this road is on federal property and what portion of the road is on State or private property?

Answer: Access to Tensas River National Wildlife Refuge has been limited since initial acquisition of refuge lands in 1982. Following the opening of the recently completed office\visitor center, there has been demand for a hard-surfaced access road to the area. Presently, two potential routes exist and are known as the Quebec Road and Mill Road. Total distances of these routes are 10.8 miles and 13.3 miles, respectively. In each case, 2.8 miles are located on federal refuge property. Madison Parish owns 8.0 miles of the Quebec Road and 3.5 miles of the Mill Road. Approximately 7 miles of the Mill Road are privately owned by Chicago Mill and Lumber Company and this landowner has reportedly volunteered to donate the necessary rights-of-way to the parish or State.

Question: Does the Fish and Wildlife Service have authority to repair or upgrade this road? Please cite authority.

Answer: The Service is only authorized by the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd - 668ee; 80 Stat. 927), as amended, to repair or upgrade that portion of the road located on refuge property.

Question: What do you estimate it would cost to repair this road?

Answer: Preliminary estimates of the Federal cost for a hard-surfaced road from U.S. Highway 80 at Quebec (west of Tallulah) to the refuge office is $2,250,000. This route, the Quebec Road, would require substantial fill material to elevate the roadbed because of the relatively low terrain through which it passes. The Mill Road

would provide access from U.S. Highway 65 (near Interstate 20 in Tallulah) to the refuge headquarters and Federal costs of improvements would be approximately $2,000,000. This route has a sufficiently elevated roadbed and good drainage but two bridges would require replacement (included in cost estimate). Local city and parish authorities reportedly support this route in order to bring visitors through Tallulah to stimulate the local economy. If funding were available for only one of the roads, the Service would give highest priority to the Mill Road option.

Question: Have you included any funds in your FY 1989 budget for this purpose?

Answer: The Service did not include a request for funds to pave the access road to Tensas River National Wildlife Refuge in the FY 1989 budget.

Question: Do you intend to include any funds in your FY 1990 budget request?

Answer: The Service will consider this project in formulation of future budgets along with all other priority projects.

Bayou Sauvage National Wildlife Refuge

Question: The legislation that authorized the creation of Bayou Sauvage National Wildlife Refuge directed the Service to develop a refuge master plan within two years of enactment. What is the status of that plan?

Answer: The Fish and Wildlife Service decided in December 1986 to develop a master plan by contract. In January 1987, a project manager was stationed within the New Orleans metropolitan area to: (a) assist with land acquisition, (b) write the technical specifications for the master planning contract; and, (c) serve as the liaison between the Fish and Wildlife Service and the contractor after the contract is awarded. A comprehensive 130-page set of technical specifications has been drafted. These specifications provide directions for the completion of nine resource surveys, an extensive public involvement process, an environmental impact statement, a master plan technical report, and a resource atlas.

Question: What is your estimated completion date?

Answer: A reprogramming request, dated November 17, 1987, for funding of the master plan included notification that the 2-year timeframe in the legislation could not be met.

The technical specifications are under final review by specialists in the disciplines that pertain to the refuge resources that will be surveyed during this planning process. Provided funds are made available, it is anticipated that the Request for Proposals for master planning will be mailed out in early May and that an award could be made in October or November. Shortly after the award, the contractor should be able to initiate the resource surveys (which would require 12-13 months for completion in the case of those dealing with migratory birds, fish, and hydrology). After the resource surveys are complete, a minimum of 90 days will be required for the public review period and waiting period associated with the development of an environmental impact statement. Finally, another 3 months should be allowed for delays due to unforeseen problems, potential public controversies, and internal review of planning products.

Question: To date how much money have you spent or obligated on the plan?

Answer: Approximately $48,000 has been spent on the master plan.

Question: How much more money will be needed to complete the master plan?

Answer: In the reprogramming request submitted to the Congress, November 17, 1987, involving Bogue Chitto National Wildlife Refuge, $1,179,000 was identified for the master planning of Bayou Sauvage National Wildlife Refuge.

Question: Do you intend to complete it within available funds?

Answer: Only the funds for salary and expenses, approximately $120,000, of the personnel who will supervise the master planning contract are currently available. Without approval of the reprogramming request, no funds are available to complete this planning effort.

Natchitoches National Fish Hatchery

Question: I understand that there are a number of maintenance needs at the Natchitoches Fish Hatchery. In order of importance, what are these needs and what is the estimated cost of each?

Answer: As identified in the report A review of Maintenance Needs at National Fish Hatcheries, submitted to Congress on May 20, 1988, these maintenance items in national priority order are:

National Priority		
85	Rehabilitate deteriorated, inefficient, and inadequate holding house and related cracked and leaking water supply and drainage lines	$ 150,000
85	Rehabilitate main drain line, install manholes	49,000
85	Rehabilitate office, add insulation, repair deteriorated electrical wiring, and caulk windows and doors	10,000
155	Rehabilitate deteriorated, silted, and leaking ponds; eroded dikes and catch basins; and inadequate and minimally operable water supply lines and electrical service	2,078,000
277	Replace wornout and inefficient aerators to 40 ponds	10,000
277	Repave deteriorated, cracked, broken, and crumbling roadways	60,000
277	Sealcoat deteriorating asphalt in parking lot to sustain its useful life	20,000
277	Rehabilitate/stabilize eroding Cane River Lake bank to protect water supply reservoir	28,000
277	Replace pickup truck	13,000
277	Replace standby generator	5,000
277	Replace truckster	5,000
	Total	$2,428,000,

Question: Which of these maintenance needs do you intend to address in FY 1989?, in FY 1990?

Answer: Pending completion of the maintenance report and formulation of the 1990 budget, no definite plans were developed and decisions have not been made as to which maintenance/rehabilitation needs will be addressed in FY 1989 and FY 1990. The report will form the basis of future station specific allocations.

Question: Do you intend to fund these repairs within available funding?

Answer: Generally, the smaller cost maintenance items could be considered for completion within existing funding; however, because of the substantial costs of many identified maintenance/rehabilitation needs, all these items cannot be funded within available maintenance base funding.

Question: Do you intend to expand activity at the Natchitoches Fish Hatchery?

Answer: In January 1988, the Service submitted to the Congress, at its request, a report entitled "A Review of the Potential for Increasing Striped Bass Production at Existing National Fish Hatcheries Through Rehabilitation or Expansion." Natchitoches National Fish Hatchery is one of the facilities addressed in the report. The report identified a potential to expand the production of striped bass for restoration purposes and ranked Natchitoches number 9 out of 17 as a candidate for expansion. However, the Service recommended that any facility expansion be deferred at this time.

Question: If so in what area(s) and in what time frame?

Answer: Any expansion of activities at Natchitoches will focus primarily on striped bass production to better support ongoing State-Federal restoration efforts for this species. The timing of such expansion will depend upon further development of striped bass restoration objectives and assessment of State contribution towards restoration. In addition, the paddlefish has been identified as a candidate for initiating cultural operations.

Question: What will be the cost of this expansion?

Answer: The total costs identified for expansion for striped bass, including construction, equipment, additional annual operation and maintenance funding, totaled $2,298,000. Hatchery operational support of $50,000 and 1 FTE would be needed to provide paddlefish culture operations.

Habitat Evaluation Procedures and Wetland Loss Studies at Slidell

Question: Your FY 1989 budget justification indicates that you intend to discontinue Habitat Evaluation Procedures (HEP) technical assistance at the National Wetlands Research Center in Slidell. What is your justification for discontinuing this work at Slidell?

Answer: The HEP activities at the National Wetlands Research Center have been accomplished except for the completion of the validation of Habitat Suitability Index models for selected coastal fish and wildlife species. Responsibility for completing the national HEP program for Service research and development resides at the National Ecology Research Center, in Colorado. Activities at the Slidell Center are being redirected to address coastal wetlands loss and wetlands restoration issues.

Question: Will such a reduction result in a loss of or transfer of personnel from the Slidell facility?

Answer: No, it will not. Even though there is an associated 5 FTE loss with the $400,000 reduction, the actual numbers of personnel allocated to the National Wetlands Research Center will not decrease. These people will be assigned to other tasks.

Question: Do you intend to increase the workload in another area at Slidell to offset the loss of the HEP activity?

Answer: Yes, effort will be directed toward studies associated with wetlands loss.

Question: As you know, coastal and wetland erosion is a very serious problem in Louisiana. What activities has the Fish and Wildlife Service been engaging in to address and mitigate this problem?

Answer: The Fish and Wildlife Service has been addressing and trying to mitigate this problem in the following ways:

- The Fish and Wildlife Enhancement arm of the Service reviews over 1,200 Section 10 and 404 permits and is working on 13 Federal projects to provide the U.S. Army Corp of Engineers and the Soil Conservation Service an analysis of the proposed action on fish and wildlife resources and wetland habitats as well as mitigation recommendations.

- The Research and Development arm of the Service is conducting work in 4 major areas: 1) the Coastal Barriers Resources Act report is nearing completion and a reinventory of the coastal barriers has been initiated, 2) the Cooperative Fish and Wildlife Unit located at Louisiana State University has been evaluating the effects of water control structures on marine fish and shellfish populations, 3) the National Wetlands Research Center has initiated a status and trends analysis of the Louisiana coastal wetlands to compare 1988 with the 1955, 1956, and 1978 analysis, and 4) is providing assistance to Louisiana State University to further develop plant stress detection technology for Louisiana coastal wetlands.

Question: The FY 1988 Interior Appropriations Bill required the Fish and Wildlife Service and the U.S. Geological Survey to submit a plan for investigating critical geological and ecological processes and issues related to marsh management that contribute to the loss of coastal wetlands in Louisiana. This plan, which is to also include future funding requirements was to be presented to the committee no later than January 1, 1988. To date, I have not received a copy of the plan. Please apprise me of its status and inform me when I can expect to receive it?

Answer: The plan was transmitted to the Committees on March 24, 1988.

Pintail Populations

Question: We are concerned that problems with pintail populations -- populations already at an all-time low -- are being worsened by wintering habitat conditions. What steps has the Service taken to identify issues related to pintail wintering grounds along the gulf coast of Texas and Louisiana, and does the Service have adequate resources to conduct the required research to address those issues?

Answer: In late 1987, Research and Development identified information needs required to address the decline of North American

pintail populations. Issues that were identified ranged from improved breeding ground survey and production estimates in Alaska, to studies of wither mortality in California, Mexico, and the gulf Coast areas. In FY 1989, $150 will be spent on pintail wintering areas in California, which are currently considered the highest priority areas by the Service.

National Wetlands Research Center

Question: We note that the National Wetlands Research Center located at Slidell, Louisiana, has been requested to vacate their offices in a NASA facility due to a potential health hazard. What plans does the Service have to provide an adequate research facility for continuing its important wetland and wintering waterfowl research mission in the Lower Mississippi Valley and the central gulf coast?

Answer: The main office of the Center is located in Slidell, Louisiana, in a National Aeronautics and Space Administration facility. Representatives of the National Aeronautics and Space Administration have asked the Service to consider moving from their facility because of a potential asbestos health problem. The Service will be seeking facilities to house 40 to 50 scientists and laboratory space, specialized research equipment space, computer rooms, and a library. However, to date, we have made no absolute decision to move from our current quarters.

Wetland Restoration

Question: The Farmer's Home Administration has large acreages of properties that were former wetlands and have the potential to be restored. Does the Service have sufficient resources to fully utilize the opportunities of the North American Waterfowl Management plan in the Prairie Potholes and Lower Mississippi Valley?

Answer: In Fiscal Year 1988 the Service initiated a wetland restoration program involving Farmers Home Administration inventory property. Through utilization of $250,000 of base funds from the Ecological Services subactivity and $800,000 of a $1,200,000 congressional increase for Farm Bill activities, the Service expects to protect and restore approximately 10,000 acres of wetlands, primarily in the Prairie Pothole Region and Lower Mississippi Valley consistent with the North American Waterfowl Management Plan. The remainder of the increase, $400,000, is being utilized for wetland restoration activities on conservation reserve program properties. For FY 1989 the Service will continue to provide technical assistance to Farmers Home Administration in support of the wetland restoration opportunity.

Question: What additional resources might be required to exploit these opportunities?

Answer: The FY 1989 budget of $450,000 is sufficient with regard to these opportunities.

Question: Is the Corps of Engineers responding to the opportunity to create and restore wetlands in the Lower Mississippi Valley as provided in the Water Resources Development Act of 1986 (Sections 1135 and 1155)?

Answer: The Service is aware that several projects in the Lower Mississippi River Valley are being considered under the authorization of Sections 1135 and 1155 of the Water Resources Development Act.

Question: What is the Service doing to evaluate the "unfunded" candidate superfund sites in regard to the risks on Service lands, migratory birds, and other trust responsibilities?

Answer: The Service investigates contaminant problems on Service lands, few of which are actually "candidate superfund sits." Actual superfund funding is not available for contaminant work on Federal lands. A recent GAO report (RCED-87-153) erroneously overstated the number of "potential Superfund sites" on Service lands by including in its total sites, such as agricultural drainwater sites, that have been legally excluded from consideration under the Superfund act and contaminant "problems" such as long-term monitoring studies and yearly pesticide spraying. Because of the Service's conservation mission, the Service's identification of potential "contaminant problems" is far more sensitive than any list of potential Superfund sites. The Service has identified a small number of sites where specific budgeting is required; a much greater number of lesser problems are funded through operational funding. The risks to lands, wildlife and other trust responsibilities are dealt with through general monitoring programs, numerous special studies, and other operational work conducted by Service personnel. A significant number of sites on Service lands are the responsibility of the Department of Defense, which is expected to fund investigation and cleanup of those sites, although the Service expends resources by working with Defense and monitoring those cleanups. Further, as a result of a lag in bookkeeping on the part of EPA, a number of sites on various lists have actually been cleaned up, or have been investigated and determined not be be problems.

Question: The recently signed North American Waterfowl Management Plan and recent legislation (e.g., Farm Bill) create unprecedented opportunities for land acquisition and management for Fish and Wildlife. Does the Service have the resources it needs to take full advantage of these opportunities, particularly in the Prairie Pothole area, the Lower Mississippi Valley, and along the gulf coast?

Answer: The North American Waterfowl Management Plan recognizes that there exist shared opportunities to meet objectives identified in the Plan. To meet this need, "Joint Venture" procedures are being initiated. These are designed to incorporate the resources of other Federal agencies, the Canadian Government, State agencies, and private organizations into the waterfowl habitat protection effort identified in the Plan. Additional opportunities utilizing provisions of the Farm Bill will also be utilized wherever appropriate to enhance land protection efforts. The Service's FY 1989 budget request includes sufficient Farm Bill funding to maintain Service activities within the highest priority opportunities.

Question: What research will be needed to support this effort, and does the Service have the research resources it needs to implement this?

Answer: The Prairie Pothole area strategy, drafted in early FY 1988, identified an information need related to Farm Bill effects on waterfowl production. A study was begun in FY 1988 costing $100,000 to evaluate the effects of the Conservation Reserve Program of the Food Security Act of 1985, Farm Bill, on waterfowl production in the Prairie Pothole area. In FY 1989, the Service proposes to continue this study. No specific research projects are identified in the Service's FY 1989 budget to address waterfowl and Farm Bill relationships in the Lower Mississippi Valley or Gulf Coast areas. Under the North American Plan concept, there will be 22 habitat concept plans and corresponding joint venture strategies by FY 1992. Each of these strategies will identify appropriate research needs.

QUESTIONS SUBMITTED BY SENATOR DENNIS DeCONCINI

Buenos Aires National Wildlife Refuge Management Plan

Question: In 1985-1986, I sponsored an amendment that enabled the Fish and Wildlife Service to acquire the Buenos Aires National Wildlife Refuge. As a result, I consider myself a more than interested party in the management of this property. It is my understanding that the management plan for the Buenos Aires National Wildlife Refuge is complete and is ready for implementation pending funding. Does the Fiscal Year 1989 budget contain the funding necessary for the implementation of the management plan?

Answer: The Buenos Aires National Wildlife Refuge Master Plan, to be completed in Fiscal Year 1988, sets forth several goals for the management of the Refuge. The Fiscal Year 1989 operations and maintenance budget of $594,000 for Buenos Aires NWR represents a $30,000 increase over that of Fiscal Year 1988. This amount would allow the Refuge to maintain a sufficient level of operation. Upon completion of the management plan, additional operations can be considered during the normal budgetary process.

Question: If not, what will it take to implement this management plan?

Answer: Specific projects that the Service will consider during the normal budgetary process include:

--Masked Bobwhite Habitat Improvement. Improve habitat diversity, cover and food supply for the masked bobwhite through such methods as disking and seeding, strategic plantings of cover species, and elimination of non-native plant species of no value to the bobwhite.

--Visitor Center Capital Development. Rehabilitation of the large hacienda and conversion into visitors center.

--Tour Loop Development. Rehabilitation and conversion of approximately seven miles of existing roads into an all-weather road for public access and wildlife/wildlands interpretation.

--Water Development. Rehabilitation and improvement of approximately 30 ponds that were damaged during the 1983 floods. Construction would include the repair of all dams and the placement of rip-rap to prevent future erosion.

--Mormon Lake Well. Drill a well at Mormon Lake and install a pump and motor to maintain water levels on approximately 200 surface-acres of marsh and water.

Extension of Cibola National Wildlife Refuge

Question: I have been informed that the carrying capacity for migratory waterfowl on the Cibola National Wildlife Refuge is being exceeded and severely impacting the neighboring farmers. The members of the Cibola Irrigation District have indicated to me that they would be willing to sell their property to the federal government to be used as an extension of the refuge. Is this a priority of the Service?

Answer: It is not of sufficient priority to be included in the Service's priority listing of 48 acquisition projects.

Question: Has an appraisal of these properties been completed?

Answer: No appraisal has been completed on the subject property. Consideration to date has been on an estimate of value basis.

Question: If not, when do you expect one to be completed?

Answer: The Fish and Wildlife Service has not scheduled an appraisal. Several options for acquisition of the land have been discussed. One possibility involves transfer of the land to the Service through a Central Arizona Project land exchange with the landowners. A second possibility is purchase of the water rights by a municipality and subsequent acquisition of the land without water rights by the Service.

Question: In the event the Service acquires these properties, has any consideration been given to the possibility of using the water rights for other federal obligations and its potential legal implications?

Answer: Should the Central Arizona Project complete the land exchange referred to above, the water rights could be used to satisfy other federal obligations while the land (without water rights) would be transferred to the Fish and Wildlife Service.

Contaminant Issues

Question: Last year, I was informed by the Service that action plans have been developed for five Arizona refuges: San Bernardino National Wildlife Refuge, Kofa National Wildlife Refuge, Cibola National Wildlife Refuge, Imperial National Wildlife Refuge, and the Havasu National Wildlife Refuge. What is the status of these action plans?

Answer:

San Bernardino National Wildlife Refuge

An action plan addressing potential contaminant problems resulting from copper smelter operations was completed during 1987. Of concern, were potential changes in water quality and pH, and their resulting impacts on aquatic fauna endemic to the Yaqui River watershed. Also, a water quality and contaminant survey of biota was completed during 1987. The analytical data was recently received from our analytical laboratory and report preparation is currently in progress.

Kofa National Wildlife Refuge

An action plan was completed in 1987 which addresses potential contaminant impacts on refuge lands and wildlife resources resulting from 12 mine tailing and mill processing sites. Field contaminant investigations of these mining sites on Kofa National Wildlife Refuge were completed during Fiscal Year 1987. All samples were submitted to the Patuxent Analytical Control Facility for chemical residue analyses. We are presently awaiting analytical results and are scheduled to complete a report of contaminant findings during Fiscal Year 1988.

Cibola National Wildlife Refuge, Imperial National Wildlife Refuge, and Havasu National Wildlife Refuge

A comprehensive study plan addressing impacts of irrigation drainwater on fish and wildlife resources within the Cibola, Imperial, and Havasu National Wildlife Refuges was completed early in Fiscal Year 1986. Field investigations and sampling of water, sediment, and biota were completed during the summer of 1986. Analytical results from these samples were received, reviewed, and interpreted during 1987. A report entitled "Reconnaissance Investigation of Water Quality, Bottom Sediment, and Biota Associated with Irrigation Drainwater in the Lower Colorado River, Arizona and California" is scheduled to be published by the Department of Interior, U.S. Geological Survey in April 1988.

Question: Of the $23.9 million in this year's budget to address the contaminant issue, what is being directed to the aforementioned Arizona refuges?

Answer: Of the $23.9 million budgeted to address contaminant issues, Arizona refuges received a total of $108,000. The following is a breakdown of analytical funding by each refuge in Arizona:

San Bernardino National Wildlife Refuges - Data analysis and preparation of report - $10,000;

Kofa National Wildlife Refuge - Data analysis and preparation of report - $15,000;

Cibola National Wildlife Refuge - Groundwater/Salinity Contamination Study - $50,000;

Imperial National Wildlife Refuge - Martinez Lake Trace Element Study -$18,000; and

Havasu, Cibola, and Imperial National Wildlife Refuges - Data analyses and preparation of report - $15,000.

Question: Have there been any other contaminant concerns raised on any of the other Arizona Refuges in the past year? If so, what is being done to address those concerns?

Answer: There have not been any new contaminant concerns raised on other Arizona Refuges during the past year.

Law Enforcement

Question: I have noticed in recent news accounts that the Service has recently concluded a highly successful "sting operation", netting a number of violators. I commended the Service for taking that initiative and I am also pleased that in this years budget there is almost a $200,000.00 increase for law enforcement over last years levels. Is this enough funding for the Service to build upon this recent achievement in the Service's law enforcement efforts?

Answer: Yes. The FY 1989 President's budget provides sufficient funding to carry out the highest priority objectives of the Law Enforcement program. The Service will continue to direct law enforcement resources toward reducing large-scale commercialization of wildlife, protecting declining waterfowl populations, and interdicting illegal shipments of federally protected wildlife and wildlife products.

Kofa National Wildlife Refuge Utility Corridor

Question: It is my understanding that the Service is supporting a modification of the Kofa National Wildlife Refuge for a utility corridor. What is the rationale for this position?

Answer: The United States Fish and Wildlife Service, in cooperation with the Arizona State Land Department and the Arizona State Office of the Bureau of Land Management, has formulated a multi-part land exchange program to address land management problems faced by all three agencies on their respective lands within Arizona. Service lands involved in this exchange lie within three National Wildlife Refuges: Kofa, Cabeza Prieta, and Buenos Aires. The Kofa portion involves moving the northern boundary of the National Wildlife Refuge to immediately south of the existing powerline road. This adjustment of the northern boundary would eliminate the involvement of the Kofa National Wildlife Refuge in all future requests for utility

right-of-ways across the northern route of Kofa National Wildlife Refuge and provide Bureau of Land Management designation of the existing corridor now occupied by the 500 kilovolt transmission line and a gas pipeline. This new boundary, following a road and utility corridor, will be more natural and manageable than the old one following township lines.

The Service will receive three parcels of land on the western boundary of the Kofa National Wildlife Refuge as part of the overall exchange. Other sections of the overall exchange program include Service acquisition of the 80,000 acre Bureau of Land Management administered Tinajas Altas region for an extension of the Cabeza Prieta National Wildlife Refuge and all State lands within the Buenos Aires National Wildlife Refuge.

Arivaca and Leslie Spring Canyon

Question: This past year, the Service acquired Arivaca Creek and Leslie Spring. I commend the Service for the acquisition of these critical southwestern riparian areas. Is there sufficient funding for the adequate management of these resources?

Answer: The funding provided for these acquisitions enabled the Service to purchase tracts of valuable riparian communities. In order to protect the habitat values of Arivaca Creek and Leslie Spring Canyon, fencing of both areas will be required. Estimated costs of these efforts are provided below:

Arivaca $35,000
Leslie Spring Canyon $45,000

Although, no additional funds were provided for management of the areas as elements of the Buenos Aires and San Bernardino National Wildlife Refuges, it is anticipated that funding can be found from within the $112,759,000 that has been estimated for refuge operations in the FY 1989 President's budget.

Mount Graham Red Squirrel

Question: When does the Service envision having a biological opinion on the biological assessment recently completed by the Forest Service on the Mount Graham Red Squirrel?

Answer: The Fish and Wildlife Service anticipates issuing the biological opinion on the Mount Graham red squirrel by May 17, 1988.

Question: In the event recovery actions are required, does the Service at this point in time have an idea at what funding will be required?

Answer: Much more information is needed about the red squirrel, such as its requirements and limiting factors before it can be determined how to manage for the recovery of this animal. However, initial recovery costs of $160,000 would include the continuation of current Arizona Cooperative Research Unit research and expansion of research to include:

- dispersal of juveniles, home ranges of adults and juveniles, reproductive and mortality rates, age and sex ratios, and amount of movement between different populations/areas

- habitat parameters, habitat use, and key habitat needs of the red squirrel, including microclimate needs, nest site locations, and nutritional needs

- annual measure of cone crop quality and quantity of various key species

- permanent weather stations and snow monitoring to look at possible correlations between weather and cone production and/or squirrel populations

- continuation of fall and spring midden (fresh pine cone debris) surveys to estimate squirrel numbers and determine the rate of new and abandoned middens

- gather baseline genetic diversity measurements

National Recreational Fisheries Policy

Question: Mr. Director, I am very pleased with the inclusion of an additional $33.6 million for the Sport Fish Restoration Program, which as you know includes payments to the States for enhancing sport fishing resources.

I do wonder, however, if the Service intends to impose some type of National Fishing Policy which will lead to a National Fishing License.

Can you give me your thoughts on this?

Answer: The Fish and Wildlife Service (Service) is coordinating the development of a National Recreational Fisheries Policy. The Policy is not a Service Policy but a policy being developed with the participation of State, Tribal, and Federal fishery management agencies as well as sport fishing constituency groups and industry. Its goals and objectives will represent the collective interests of all these groups and be a statement of consensus on the important goals and objectives relative to maintaining healthy recreational fisheries.

The Policy, presently in draft, does not call for the development of a National Fishing License and contains language recognizing the existing licensing authority of States and Tribes for anglers under their purview. I have made it very clear to the States and all participating interests that the National Recreational Fisheries Policy would not be a vehicle for promotion of the national fishing license concept.

Tribal Fish Hatcheries

Question: As you recall, in the Fiscal Year 1988 Continuing Resolution, the Congress transferred several tribally operated fish hatcheries and fishery assistance offices from the BIA to the Fish and Wildlife Service. Along with this transfer were additional funds to properly manage these facilities. I see that in this year's budget justification for the Fish and Wildlife Service, the tribally operated hatcheries again appear under the jurisdiction of the BIA. Does the Fish and Wildlife Service believe these tribally operated hatcheries can be best managed by the Service?

Answer: The hatcheries in question are operated by the Fish and Wildlife Service (Service) for the benefit of the Tribes. The Department believes that operation by the Service through appropriations to the Bureau of Indian Affairs (BIA) is appropriate until the Tribes are able to assume operation of the facilities. This approach is consistent with BIA's overall management of its trust responsibilities.

Question: If so, what are the funding requirements for Fiscal Year 1989 to continue the transfer that was initiated late last year

to the Fish and Wildlife Service for these hatcheries and assistance offices?

Answer: The Service's fish hatcheries and assistance offices involved in the transfer will require $1.3 million to continue at the Fiscal Year 1988 level.

QUESTIONS SUBMITTED BY SENATOR DALE BUMPERS

Cache River National Wildlife Refuge

Question: How much land has the Service acquired to date for inclusion in the Cache River National Wildlife Refuge?

Answer: Through FY 1987, the Service has acquired 7,888 acres.

Question: How much land does the Service anticipate acquiring in FY 1988?

Answer: In FY 1988, the Service plans on acquiring 3,200 acres.

Question: How much in FY 1989?

Answer: The Service has no plans to acquire additional land for this refuge in 1989.

Question: How much money does the FY 1989 budget allocate for the operation and management of the Cache NWR? How many FTE's?

Answer: The Service would allocate $36,000 from the FY 1989 budget for the operation and management of the Cache River National Wildlife Refuge. This would involve one FTE.

Funding for Arkansas Cooperative Fish and Wildlife Research Unit

Question: I am very pleased that the Fish and Wildlife Service has decided to establish a cooperative research unit in Arkansas. However, I have some concerns about the level of funding allocated for the unit in FY 1988 and FY 1989. It was my understanding that the Service considered $200,000 to be the minimum federal contribution required for a viable unit, with $250,000 being the optimum amount. However, the FY 1988 funding is only $175,000 and the FY 1989 request only $150,000. As promised, the Arkansas Game and Fish Commission has contributed $110,000 in cash and the University of Arkansas $175,000 in space and other non-cash resources to the Coop Unit. What expenses will the funds allocated for FY 1988 and requested for FY 1989 cover?

Answer: Because actual staffing will not occur until late June 1988, the $175,000 appropriated in 1988 will provide for salaries, benefits, and one-time costs for moving, a vehicle, and basic equipment. Amounts requested in 1989 will provide for a full year operating level of the Arkansas Coop Unit.

Question: In the opinion of the Fish and Wildlife Service, what is the optimum funding level for this Coop Unit?

Answer: The Service feels the optimum funding level for this unit should be the same as for all other units, which is the amount necessary to cover salaries and benefits, and a small amount for travel and expenses. In FY 1988, funding levels for fully staffed three person units ranged from $125,000 to $201,124. The average cost was $166,720, with the primary factors affecting cost being the

grade and length in grade of the employees. Since the Arkansas Unit is new, we expect they will be staffed by more junior employees.

Potential Exchanges in Arkansas

Question: On page 250 of the Fish and Wildlife Service Budget Justification a potential acquisition by exchange of 13,300 acres in Arkansas is noted for FY 89. Where is this acreage located and what is the status of the exchange?

Answer: The area under consideration for acquisition by exchange is located along the White River, in Monroe and Prairie Counties. It is mostly located within and near the acquisition boundary of the Cache River National Wildlife Refuge. The Service is currently discussing with the owner the economic and political feasibility of an exchange and in general terms, what the scope and terms of the exchange should be.

Question: Is the Service contemplating any other acquisitions by exchange in Arkansas?

Answer: At the present time there are no other exchanges planned within the State of Arkansas. The Service remains alert, however, to the possibility of others existing and would pursue viable exchanges if any exist.

Felsenthal National Wildlife Refuge

Question: The Arkansas State Fish & Game Commission owns approximately 6,964 acres of bottomland hardwoods adjacent to the Quachita River in Southeast Arkansas. This tract of land adjoins the Felsenthal NWR to the north and the Upper Quachita NWR, Louisiana to the south. The habitat and wildlife resources of this area as well as its location on the Quachita River corridor appear to make this a logical addition to the Felsenthal NWR. Would the addition of the tract be consistent with the purposes of the Felsenthal NWR?

Answer: The addition of the tract would be consistent with the purposes of the refuge.

Question: Would the acquisition of this area assist in federal management and protection of the wildlife and habitat values of the Quachita River corridor?

Answer: Additional opportunities for management and protection would be afforded by the acquisition of this area.

Question: Would the National Wildlife Service support the acquisition of this tract if sufficient funds were made available?

Answer: The Arkansas Game and Fish Commission tract in question was considered for possible acquisition approximately two years ago when it was offered for sale by the Potlatch Company. The offer was declined because the resource values did not rank high enough to compete with other tracts on our acquisition list. This same priority comparison would apply today. If funding for established acquisition priorities are not affected, the Service would support adding this tract to the National Wildlife Refuge System.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

Regional Fish Laboratory, Seattle, Washington

Question: What is the research mission of the Fish and Wildlife Service Laboratory at Sand Point in Seattle, Washington?

Answer: The National Fisheries Research Center, Seattle, Washington, serves as the principal multi-disciplined fisheries research center for the Fish and Wildlife Service in the western United States. It's mission is to identify and quantify factors limiting the distribution and abundance of fish populations of the western United States (including endangered species). The research involves studies on fish diseases, fish physiology and production, to increase efficiency in the use of artificially propagated fish and fish population dynamics.

Question: What is the current condition of the facility that houses the laboratory?

Answer: The 45-year-old main laboratory building at Seattle functions poorly and may be a potential fire hazard. Further modifications do not seem cost effective, and would not provide basic research requirements. Expansion of the program is not advised in the current facility. Although advance project planning to upgrade the facility was completed in FY 1985, the project has not sufficient priority to be included in the President's budget.

Question: What is the estimated replacement cost of the facility?

Answer: The total replacement would cost an estimated $10,000,000

Question: What other Regional facilities might be used to house the laboratory if no new facility is constructed?

Answer: Currently, there are no Regional facilities available to house the present research laboratory and staff.

Question: What research functions currently being conducted at the Seattle laboratory might be transferred to the Oregon State University laboratory in Newport, Oregon, to help alleviate the need for additional replacement facilities at Seattle?

Answer: The National Fisheries Research Center at Seattle consists of interacting and complementary components of fish health, cultural methods, population dynamics, ecology and support functions of physiology, pathology microbiology and chemistry. It is necessary that these integrated components be housed together.

The Oregon Cooperative Research Units

Question: What is the nature of the research done at the Fish and Wildlife Service Cooperative Unit at Oregon State University?

Answer: The Service currently maintains separate Fishery and Wildlife Cooperative Research Units at Oregon State University. The Fishery Unit works primarily on salmonid fishes, examining ways to improve the hatchery practices, especially the quality and the numbers of several different species of salmon produced. The Fishery Unit examines chemical and behavioral approaches and indicators for improving hatching and facilitating hatchery brood stock to help develop the private aquaculture industry. It also conducts habitat and ecosystem level studies on a variety of Oregon aquatic species

and systems, such as the John Day Basin, in order to improve habitats for fish production. The Oregon Fishery Unit also studies ways to improve fish passage systems on Columbia River dams, and manages a career awareness and development program designed to attract American Indian youth into resource management fields.

The main research thrust of the Wildlife Unit is forest/wildlife relationships in the Northwest, especially old-growth, forested ecosystems. The Unit studies the ecology of bald eagles, spotted owls, flying squirrels and cavity-nesting birds and the effects of timber harvest practices on these species, and looks for ways to avoid or mitigate these impacts. The Unit also studies waterfowl in the Pacific flyway, particularly unknown aspects of duckling survival, and the impacts of environmental contaminants in bald eagles and in irrigation return waters (Kesterson NWR). The Wildlife Research Unit also conducts continuing education programs for the Oregon Department of Fish and Wildlife.

Question: What is the annual cost of maintaining the Unit?

Answer: The annual Federal cost for salaries, benefits, equipment and travel for the Units for FY 1988 are:

Oregon Cooperative Fishery Research Unit.....$109,185
Oregon Cooperative Wildlife Research Unit.....$111,062

Question: What direct benefits have been derived from the research conducted at Oregon State University?

Answer: The Oregon Cooperative Fishery Research has provided direct benefits to the State and Federal hatchery programs and fishery resources. Clinical techniques were developed to facilitate spawning and egg-take at hatcheries. Protocols were developed that reduce stress imposed by management or hatchery practices, thereby increasing survivorship of juvenile salmon and steelhead; some of these procedures have been instituted at Columbia River dams and elsewhere. The Unit's genetic program has provided the foundation for the State's coho management plan. Stock analysis work helped develop the "Oregon Production Index" used for the ocean management of coho by the State and Pacific Fisheries Management Council. Present research is devising water allocation plans for eastern Oregon that maximize economic benefits from ranching, farming, fisheries, and tourism. Research is also aimed at determining economic benefits of harvest of underutilized freshwater fishes and at further development of private salmonid aquaculture.

The Wildlife Research Unit's research has addressed the wildlife issues identified in the land management planning process of the USDA Forest Service and USDI Bureau of Land Management. Research studies have evaluated the wildlife of old-growth forests and recommended management practices for this controversial community. Research results are utilized by the managing agencies in their management of land-use and individual species. The results are used directly in the NEPA process and in the land-use plans of State and Federal agencies in Oregon, as well as in the day-to-day land management practices.

QUESTIONS SUBMITTED BY SENATOR DON NICKLES

Elmer Thomas Dam

Question: How soon will the feasibility study on Elmer Thomas Dam in Lawton, Oklahoma, be finished?

Answer: The feasibility study on Elmer Thomas Dam is expected to be completed in September 1988.

Question: Will an FY 1988 supplemental appropriation request be made to accommodate any funding shortfall?

Answer: The Fish and Wildlife Service will proceed using other funding sources. A proposal requesting emergency authority under section 102 of the general provisions of Public Law 100-202 for the necessary funds is currently being reviewed in the Department.

Question: Fish and Wildlife Service dam safety costs have increased substantially since 1987. Will the Fish and Wildlife Service have the required expertise and funding to continue the upkeep of these dams?

Answer: Through the combination of in-house expertise and contractual Architectural/Engineering services, the Service has the capability to manage and implement an effective National Dam Safety Program. We have a legal responsibility to make our dams safe and bring them into compliance with Federal Guidelines for Dam Safety. To accomplish this mission and fulfill our legal responsibility, we intend to continue to request a responsible level of funding to efficiently continue our dam safety program.

Question: Is it possible for the Corps of Engineers or the Bureau of Reclamation to assist the Service in these dam safety projects?

Answer: Through various Memorandums of Agreement with both the Corps of Engineers and the Bureau of Reclamation, we have utilized the talents of these two agencies extensively in the past. For example, the Corps of Engineers has offered to assist us in the planning, design, and construction of Lake Darling Dam. The Bureau of Reclamation has assisted in the planning and design for Crab Orchard and Little Grassy Dams in Illinois, and Harrison Lake Dam in Virginia.

Question: Since a portion of Elmer Thomas Lake is owned by the Army, through Ft. Sill, have you made any effort at a cost-sharing arrangement with the Army to reconstruct the dam?

Answer: The feasibility study will explore the options of removing, repairing, or replacing the dam. When this study is completed and a recommended course action is determined, we will enter into more serious discussions at that time. Until we know the cost of the actions to be taken, it is premature to discuss cost-sharing arrangements and alternatives in more than general terms.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

Fish Hatcheries Transfer

Question: The Fiscal Year 1988 Further Continuing Appropriation Act included a provision to transfer the operations of a number of fish hatcheries and technical assistance offices back to the Fish and Wildlife Service from the Bureau of Indian Affairs. Will you please provide the Subcommittee with a status report on how and when this transfer of operational authority will be completed?

Answer: As instructed in the Fiscal Year 1988 Conference Report, the Fish and Wildlife Service received and immediately placed $539,000 at the Alchesay-Williams Creek National Fish Hatchery, AZ, $253,000 at the Mescalero National Fish Hatchery, NM, $108,000 at the Parker Fishery Assistance Office, AZ, $213,000 at the Pinetop Fishery Assistance Office, AZ and $171,000 at the Lander Fishery Assistance Office, WY. The transfer of operations from the Bureau of Indian Affairs to the Service went smoothly.

Question: Is the Fish and Wildlife Service working directly with the affected tribes to ensure a smooth transition to Fish and Wildlife Service operations?

Answer: Even though funding during the period 1983 - 1987 was provided through the Bureau of Indian Affairs, the Service was operating the facilities under a Memorandum of Agreement and was working directly with the tribes. The effect of the transition was smooth at the field level.

Question: As a clarification, will the operations of the Mescalero Technical Assistance Office in New Mexico be part of the overall transfer of the Mescalero National Fish Hatchery to the Fish and Wildlife Service? I'm not sure the report language makes this point clear.

Answer: The Mescalero Technological Assistance Office is not part of the overall transfer, in fact this office has been vacant since 1978. The small amount of work that this office did in New Mexico was assigned to the Gallup Fishery Assistance Office which in turn was closed by the Bureau of Indian Affairs in 1984. The Fiscal Year 1988 Budget Justification field station listing inaccurately showed funding at the Mescalero Fishery Assistance Office.

QUESTIONS SUBMITTED BY SENATOR HOWELL T. HEFLIN

Marion Fish Cultural Laboratory

Question: Do you agree that there is a need for aquaculture research, focusing particularly on the striped bass and catfish, and focusing on the needs of this geographic area?

Answer: The Federal government provides $348,000 for the Marion Laboratory to conduct research in this area. Although striped bass and catfish aquaculture research needs may not be adequately addressed in the Southeastern United States, any additional funding should come from State, local and/or private interests within the area after it is determined what the cost beneficial objectives are.

Question: You have facilities located in Arkansas and Florida. Does the Southeastern Fish Cultural Laboratory, located in Marion, Alabama, provide services or facilities that are unique, or is its service area unique, such that the research it performs will not duplicate the efforts of others?

Answer: The Southeastern Fish Cultural Laboratory, Marion, Alabama, has capabilities in research and specialized facilities unlike any other in the area. The wet laboratory space and cultural capabilities to perform any additional aquaculture research at the Gainesville, Florida, States and University facilities are limited. Cooperative research and exchange of information (Auburn University) precludes any duplication of efforts.

Question: Isn't the Marion facility particularly well-suited for research of this type in terms of the amount and quality of water available, the suitability of the soil, and the climate?

Answer: Water quality and quantity, soil and climate are suitable for warm water aquaculture.

Question: Can you give me an estimate of the number and types of personnel necessary, in your professional opinion, to conduct the type of research we have discussed, and do you have an estimate of what that would cost?

Answer: There are currently 9 staff located at the Marion Laboratory. Five additional scientists, including an aquaculturist, chemist, geneticist, limnologist and general biologist would be needed to conduct the additional research. The cost of these additional scientists and support staff would be $500,000 bringing the total Marion budget to $848,000.

Question: One last question, is there any other organization Federal or State, which is in a positon to take over this facility and provide the needed research?

Answer: There is no Federal organization in a position to take over this facility. Auburn University or the Alabama Fish and Game Department could operate the existing facility.

CLOSING REMAKRS

Senator MCCLURE. Mr. Chairman, just one thing before closing.

I know that the proposed listings are extremely difficult for you to handle in a variety of different ways, but I want to be upfront with you on the listing of the Owyhee snail. Until something is resolved with respect to that particular problem, it is my intention that we take no action on the floor of the Senate with respect to the reauthorization of the Endangered Species Act. I think you should know that.

Senator REID. Could you be more specific? [Laughter.]

SUBCOMMITTEE RECESS

The subcommittee stands in recess until tomorrow, Tuesday, March 1, at which time the subcommittee will receive testimony on the 1989 budget estimate for the National Endowment for the Humanities, the National Endowment for the Arts, and for the Institute for Museum Services.

The subcommittee stands in recess.

[Whereupon, at 3:20 p.m., Monday, February 29, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 1.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

TUESDAY, MARCH 1, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:15 p.m., in room SD–192, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senator Reid.

NATIONAL ENDOWMENT FOR THE ARTS

STATEMENT OF FRANK HODSOLL, CHAIRMAN

ACCOMPANIED BY:
ADRIENNE HIRSCH, DEPUTY CHAIRMAN FOR PUBLIC PARTNERSHIP
PETER J. BASSO, JR., DEPUTY CHAIRMAN FOR MANAGEMENT
KATE L. MOORE, DIRECTOR, OFFICE OF POLICY AND BUDGET

PREPARED STATEMENT

Senator REID. The subcommittee will come to order.

Today the committee will take up the fiscal year 1989 budget. This will be a review of the requests for the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services. Testifying on behalf of the National Endowment for the Arts is Frank Hodsoll. Testifying for the National Endowment for the Humanities will be Lynne V. Cheney. And Lois Burke Shepard will testify on behalf of the Institute of Museum Services.

We will begin today's hearing with the National Endowment for the Arts.

The fiscal year 1989 budget for the National Endowment for the Arts is $167,731,000, the same amount as the fiscal year 1988 appropriation to date.

Mr. Hodsoll, we welcome you before the subcommittee this afternoon. Your complete opening statement will be included in the record at this point. If you would please introduce your associates and briefly summarize your prepared remarks, we will proceed to the questions.

[The statement follows:]

STATEMENT OF FRANK HODSOLL

It is a pleasure for me to be here today to discuss the Administration's budget request for the National Endowment for the Arts in FY 1989. On behalf of myself and everyone at the Endowment, I thank you and the Members of this Subcommittee for your continued support and concern for the work we do.

For FY 1989, the Endowment is requesting a budget of $167,731,000: $140.531 million for grants and administration, and $27.2 million for matching (indefinite Treasury and Challenge) funds. This level -- a level equal to our FY 1988 appropriation -- will allow the Endowment to balance its dedication to serving the arts with its commitment to restrain Federal spending.

We make this request at a time when our country's system of support for the arts is very strong. Sustained and increasing private and public support have combined to create a promising climate for sustained growth, development and innovation in the arts.

Private donations to cultural activities remain, of course, the largest source of contributed income. According to the American Association of Fundraising Counsel, total private giving to cultural activities increased by approximately 15 percent in 1986, reaching an estimated level of $5.83 billion, a near doubling since 1980. As long as the economy remains strong and inflation low, this progress should continue. We do not expect that the Tax Reform Act of 1986 will have an appreciable effect on this conclusion, except perhaps in the area of gifts of appreciated property.

Support for the arts from state and local governments remains strong. The National Assembly of State Arts Agencies reported in October 1987 that state appropriations for the arts for FY 88 total $244.1 million, an increase of 12.9 percent over the FY 87, and 142 percent over the 1980 levels. Local arts agency support continues its dramatic growth. Preliminary data collected from fifty of the largest local arts agencies indicate that in FY 88, their budgets reflected a 26 percent increase over their FY 87 levels.

All areas of the country are served by Endowment programs. In FY '87, the Arts Endowment awarded approximately 3500 grants to organizations and agencies. In addition, we awarded nearly 800 grants and fellowships to individual artists and arts professionals.

Some of our recent initiatives, which encourage growth in artistic excellence, as well as access to and understanding of that excellence, reflect ways in which Endowment funds work to multiple effect. The following are some examples:

In June, 1987, the Endowment cosponsored with the National Assembly of Local Arts Agencies and the Western States Arts Foundation, a conference, Arts in Rural Areas Information Exchange in Portland, Oregon. The conference provided an opportunity for experienced arts leaders in rural communities to exchange ideas and to discover new resources to assist them in their work. This was reported to be the largest national conference ever convened on the arts in rural areas.

The Design Arts Program, in conjunction with the School of Architecture of the University of Virginia, the Jefferson

Institute, and the United States Conference of Mayors, established the Mayors Institute for City Design in 1986. The Institute provides a forum for mayors and design professionals to discuss the design of cities and to work through common design problems. Over the past year and a half, three highly successful Institutes have been held, involving mayors from twenty-one cities.

The Expansion Arts and Dance Programs are engaged in a cooperative effort, the Organizational Development Pilot, to assist small dance companies of the highest artistic quality to develop their administrative capabilities.

With the support of the Orchestra Touring Program and Southwestern Bell, the Houston Symphony Orchestra and the St. Louis Symphony will tour communities in five Midwestern states and five Texas cities during the 1987-88 concert season. This Midwest tour is a model federal/partnership which can be used by others to assist American orchestras to tour country, reaching audiences that otherwise might not have the opportunity to enjoy a live symphony orchestra performance.

Through the Regional Performance Television Project, the Media Arts Program supports nationally televised specials of regional performing arts groups of outstanding quality. In 1986, a televised production of the Menotti opera Goya, produced by the Washington Opera, reached millions of viewers nationwide. In 1988, Nixon in China, the new work by John Adams, co-commissioned and produced by the Houston Grand Opera, the Brooklyn Academy of Music and the Kennedy Center.

The Museum Purchase Plan, a category in the Musuem Program has

been re-established to encourage museums to build and expand their permanent collections through the purchase of works by living American artists. These grants will help raise awareness of American contemporary art by supporting American artists and assisting museums to develop their permanent collections of contemporary American works.

FY 1989 Proposed Budget

In FY 89, we propose a budget of $167.731 million. Our request is equal to that of our FY 88 appropriation. Its budget contains some budget and policy modifications, which merit special mention.

Grants

We request $123.088 million in program grant funds, so that we can continue to provide support to outstanding artists and arts organizations, state and local arts activities, and other efforts that strengthen artistic excellence, provide access to and appreciation of the arts, and encourage arts education in our schools. Some highlights from our grants funding request are briefly mentioned below.

Opera Musical Theater

Growth and development in the field of opera and musical theater is significant. There have been major productions of new operas: Anthony Davis' X, John Adams's, Nixon In China and Phillip Glass's The Fall of the House of Usher. The treasure trove of lost works by George Gerschwin, Jerome Kern and other American Masters found in Secaucus, New Jersey, continues to

strengthen and enhance the position of classic American musicals in the musical theater repertoire. Opera companies are growing and becoming more numerous. Two major new opera companies are now completing their second seasons on the west coast. There are more not-for-profit musical theater productions; these used to be primarily commercial. Our request for increased funding in FY 89 will insure that the Endowment can continue to make a meaningful contribution to this field.

Theater

In 1986, for the first time, America's not-for-profit theaters became the arena of principal employment for theater professionals. Until recently, employment in theater was identified almost exclusively with Broadway and its various commercial offshoots such as road tours and dinner theaters. This shift has presented increased production opportunities for individual artists from coast to coast.

As a result, a prominent issue in the Theater field is the financial and creative relationship between not-for-profit producing organizations and individual artists. Even though the not-for-profit theater is growing steadily, it must compete with the employment opportunities available in film and television. In recognition of the importance of attracting talented individual artists to theater, we plan in FY 89 to make a slight shift within the categories in the Theater Program to sponsor two new types of fellowship awards: an entry level program for stage designers and a fellowship program for distinguished theater artists.

State Programs

As I mentioned earlier, state arts agencies continue to grow and to provide important support both in the form of grants and services. Experience has shown that state arts agencies are often in the best position to respond to the needs of many small, mid-sized and emerging arts groups. A recent survey of 12 states found 3,090 organizations receiving direct support from their state arts agencies, compared with 410 receiving direct support from the Endowment. State arts agencies and the seven multi-state regional organizations also play an important role in providing access to the arts. In FY '85, the performing arts touring programs of six regional organizations helped bring arts events to 850 communities. Seventy-six percent of these had populations of less than 50,000.

The funding priorities of State Programs are largely determined by the states and regions who use the not less than 20 percent of Program funds to be divided by formula among the states and regions to advance the arts according to their own individual needs. Funds available over and above the 20 percent requirement are used to support: information services, the Dance/Inter-Arts/State Programs Touring Initiative, special projects which respond to needs and opportunities in the field, and services provided at a national level to state arts agencies and regional groups, including support for the National Assembly of State Arts Agencies. The proposed increase for State Programs accommodates the required formula grants, as well as support for insuring adequate funding of these other program needs.

Local Programs

Local Programs continue to play an important leadership role in sustaining the tremendous growth made by local arts agencies over the last decade. In the five years since we began the Locals Test Program, which has now evolved into a full program, $10.3 million in Endowment funding has generated $48.6 million in new and increased public and private support for the arts. Local Programs will continue to provide multi-year matching grants to local and state arts agencies. We have also expanded the former Services to the Field category to encourage initiatives which will improve local arts agency planning and administration and increase opportunities for leadership training and education.

We have been impressed with the overall strength of the applications to the new category, Local Arts Agency Development Grants, as well as to the Local Government Incentive Grants category. An increase is requested for Local Programs in FY 89 to enable the program to sustain its leadership and catalytic roles in the field of local arts agency support.

Arts Education

Making the arts a part of basic sequential education continues to be a focus of attention for both the arts and education communities. The Endowment continues to support the development of improved arts education in a variety of ways. The Arts Education Report, mandated by Congress in the 1985 amendments to our authorizing legislation and submitted to the Congress on March 1, takes a comprehensive look at the current state of teaching and learning in the arts in America's

schools. The study recommends courses of action for public agencies and private sector organizations which if implemented, would improve the quality of arts education for all students, not just the gifted and talented.

In 1986, following a comprehensive review process with advice from experts in many areas of education, the Endowment introduced new Program guidelines reshaping the Arts in Education program for FY 87 and FY 88. The State Arts in Education Grants category continues support for residency programs, but encourages their development in the context of comprehensive and sequential arts education in schools.

The new category of Arts in Schools Basic Education Grants was initiated to assist state arts agencies' collaboration with state education agencies to develop and implement long-range plans for incorporating the arts as a part of the basic school curriculum (kindergarten through 12th grade). In 1987, the first round of Arts in Schools Basic Education Grants, 42 state arts agencies applied and 16 planning grants were made. Preliminary reports from the grantees indicate that these grants will be extremely effective in strengthening arts education curricula. Eight additional states have received planning grants in FY '88.

Advancment

From FY 83 to FY 86, the Advancment Program initiated technical assistance and funding to 100 small arts organizations to help them develop improved levels of financial and administrative stability. This program was evaluated positively and in FY 88 re-opened to organizations eligible under the Dance, Design

Arts, Folk Arts, Literature, Media Arts, Opera-Musical Theater, and Visual Arts Programs. FY 88 Advancement participants are currently receiving technical assistance in areas such as board development, fundraising and long range planning. In FY 90, these emerging arts organizations will be eligible for matching grants to implement the long range plans developed during the technical assistance phase.

For FY 89, we are requesting $1.4 million in Program funds to re-open Advancment to organizations eligible under the Arts in Education, Expansion Arts, Inter-Arts, Museums, Music and Theater Programs. Given the strength of the fields to be served in FY '89, we anticipate increased need in the program. In FY 90 and FY 91, the Endowment plans to request sufficient Treasury funds to make grants to the organizations that are in the technical assistance phase in FY 88 and FY 89.

Matching Funds

FY 89 marks the eleventh and concluding year of funding for our established Challenge grant program, Challenge II. Challenge II funding has provided major support to strengthen the financial foundations of our nation's best arts institutions. The new direction of the Program -- Challenge III -- is to fund exceptional projects with the potential of making a lasting impact on excellence in the arts, access to the arts, broader and deeper appreciation of the arts, or increased non-Federal support for the arts. The first group of 121 Challenge III applicants is now being reviewed. Announcement of the first round of grantees will be made in the fall of 1988; these grants will be funded with FY 88 and FY 89 funds.

In FY 89, the Endowment requests $27.2 million in matching grant funds -- $9 million for Treasury and $18.2 million for Challenge. Treasury funds, matched three to one, will support large scale projects undertaken by organizations in the performing arts fields as well as the fields of media arts and museums. Challenge funds will be used to support the last round of Challenge II and the first round of Challenge III.

Administration

The effectiveness of the Endowment is heavily dependent upon the efficiency of our internal management. To insure a strong administrative support structure, our FY 89 budget proposes an increase over our current year appropriation for Administration. This increase will enable us to pay for increased administrative costs which are beyond our control such as mandatory Federal employee pay increases, increased costs associated with the new Federal Employees Retirement System, increased rental payments, and general inflation.

In addition, the requested funds will enable us to enhance our effectiveness in several areas. It would allow the Endowment to: add four FTE, as new management and reporting requirements along with an increased application load, have expanded demands on our staff resources; make a commitment towards fully completing our integrated automated data processing system, to improve our financial and grants management systems; provide sufficient resources for travel so that the Endowment can be of service to the arts in all parts of the country, particularly in smaller towns in addition to the larger metropolitian areas; and fully compensate panelists at the allowable per diem rates for Washington, D.C.

In an effort to improve our grant-making procedures, we are in the process of reviewing those procedures to ensure that grant amounts are more consistently related to panel judgements of merit and that panel judgements of merit are related consistently to the review criteria published in our program guidelines. We are currently working with our panels and the National Council to refine and more clearly articulate guideline review criteria in relation to the panel process.

The budget we propose for FY 89 will enable the Arts Endowment to carry out in a competent manner its responsibilities as the agency of the federal government with primary responsibility for supporting the continuing vitality and excellence of the arts in America. With this level of funding, we will be able to continue funding for programs and initatives that we have begun and to move in important new directions. By supporting the best of this country's art and artists, and launching initiatives in special areas of opportunity, the Endowment plays an important and catalytic role in furthering excellence in the arts, and access to and appreciation of, the arts.

INTRODUCTION OF ASSOCIATES

Mr. HODSOLL. Thank you very much. I would like to submit my statement for the record. It is a great pleasure for us to be here again. We are very grateful for the committee's support of our activities. If I may, sir, I would like to introduce my colleagues who are here with me at the table.

First, on my left, Jack Basso, our Deputy Chairman for Management. On his left, Adrienne Hirsch, our new Deputy Chairman for Public Partnership, who comes here most recently from the State of Illinois, where she was executive director of the State arts council. Before that, Adrienne was in Arizona, where she served as the executive director of the Arizona State Arts Council. On my right is Kate Moore, the Director of our Office of Policy, Planning and Budget.

Very briefly, sir, we are very pleased to be requesting $167.731 million for the Endowment in fiscal year 1989. We believe it is an important request, and hope that the committee will be able to appropriate the funds that are thereby requested.

INCREASED SUPPORT FOR THE ARTS

Before concluding I would note that over the last year, private, State, and local public support for the arts is up substantially. That is very heartwarming, particularly in the first year of the Tax Reform Act. The Endowment's partner in support of the arts are maintaining a strong presence.

Over the last year, we have reinstituted the museum purchase plan, which allows museums to purchase with matching funds works by contemporary artists. This program is of major importance to the museum field as it enables museums to build their collections of contemporary art.

Also, since the last time we were here, sir, we have made great progress in the area of arts education, which I know is of interest to this committee. In fact, today, a report will be submitted to the Congress on the state of arts education in the United States.

With that, sir, I would welcome a chance to respond to your questions.

FUNDING FOR SMALL AND RURAL STATES

Senator REID. As you recall, at last year's hearings, which seems just yesterday, there was considerable discussion regarding the committee's concern that applicants from the large States appeared to be receiving a disproportionately large amount of the grants and funding from the Endowment, while applicants from the smaller States who might be less experienced in the art of preparing applications get overlooked.

As you are aware, subsequently, the committee included language in the Senate report accompanying the fiscal year 1988 Interior appropriations bill which, in effect, directed the Endowment to work with small and rural States.

The committee is encouraged by efforts of the NEA to reach out to small and rural States to assure that arts organizations in those States have access to the programs of the NEA. While the committee recognizes that the NEA must continue to award grants with the advice of the peer review system, it wants to be sure that small and rural States are receiving the necessary assistance to prepare competitive applications.

As you also know, similar language was included in the conference report that directed some attention to the smaller States.

This, of course, is a matter of very considerable importance to the smaller States such as West Virginia and Nevada.

What has the Endowment done to respond to these directives?

Mr. HODSOLL. I am pleased to say we have done a number of iniatives underway, some of which are new and some of which are continuing, Mr. Chairman. First of all, since our last hearing, the Endowment cofunded, with the National Assembly of Local Arts Agencies, a symposium on the arts in rural areas, which was held in Portland, OR, in June 1987.

That conference, which was probably the largest gathering of arts representatives from rural areas that has ever been put together, produced a number of recommendations, perhaps the most important of which was that assuring support for the arts in rural America should be high on the priority list for all of us.

Access to the arts is a high priority at the Arts Endowment. Since we last met, we have, and I can submit for the record, awarded a number of grants designed to create greater access to the arts in rural areas. In our Challenge Program, which until this last year has been oriented toward strengthening institutions with the most established reputations of artistic excellence, we have broadened that program to encourage projects which provide access to the arts. In reviewing the applicant pool, we are seeing applicants from a wide range of arts institutions, many of which probably would not have applied under the old Challenge Program, many of them from rural areas. This new program provides a substantial new pot of money for that purpose.

Our Expansion Arts Program, which supports organizations which are deeply rooted in, and reflective of minority, inner-city, and rural and tribal communities, has developed a new thrust in the rural area. Our program director has also traveled to a number of smaller towns to encourage a greater number of applications from smaller and rural areas.

FUNDING STATISTICS—GEOGRAPHIC

These are just a few examples of our efforts in this area. In looking at our grant and application data, you will discover that the percentage of applications that we fund across the board in our programs, not specifically rurally designated or small town designated, are about equal across the various regions and States in the country.

Also, in looking at our panelists—and I think this is a very important point because, as you know, we make our grants based on the advice of panels selected from the fields—one discovers that actually there is, somewhat by serendipity—I won't say we deliberately did this, but I think it is a good thing—there is a slightly larger proportion of panelists

from the less populated areas of the country in relation to the number of applications from those more populated areas of the country.

So, essentially we feel that we are making progress to address this area of concern.

Senator REID. Do you have any specifics regarding West Virginia?

WEST VIRGINIA FUNDING

Mr. HODSOLL. With respect to West Virginia's grants to appropriation ratio, West Virginia is higher than the national average, with 34 percent of applications being funded, versus the national average, which is on the order of 27 percent.

A recent example of an Endowment-funded project in West Virginia was a special projects art education grant of $40,000. This grant was made to develop a bank of test items for measuring student progress in mastering learning outcomes for general use in kindergarten through the fourth grade. We hope this project will benefit teachers through the West Virginia educational computer network.

I might also note in this respect that the Endowment was very fortunate to have the former chairman of the West Virginia Arts and Humanities Commission, Kay Goodwin, as a member of our advisory group on our arts education report and she has also met on our arts educational program panel.

Senator REID. That is a good illustration. I went to a Fourth of July celebration in Virginia City, NV, last year, and a young man was there leading a band in Virginia City, which is a place with a population in the hundreds. It is a small community. He originally came to Virginia City on some type of grant from the National Endowment for the Arts to teach elementary school children art or something like that. But he has become an integral part of the community. As part of the band are a lot of people retired from Lake Tahoe, Las Vegas, Reno, who are musicians.

The point I wanted to make is from the small grant from the Endowment, great things go on happening for a long period of time. Anyone would have been impressed with this band from this little community on the Fourth of July and in this historic town of Virginia City.

I don't need the information now, but what I would ask is that you supply similar information to me in terms of what has been going on in Nevada.

Mr. HODSOLL. I might point out, if I could, a grant which benefited Arizona and Nevada. This project was supported by our grant to the Arizona Commission for the Arts. I think it is interesting to note the cooperation between the two States. The Arizona Commission for the Arts has basically opened up its touring program, two visual arts exhibits, and two performing arts groups from Nevada, which will be added to the existing art in Arizona towns' program.

Let me also provide to you a similar specific example in Nevada, Mr. Chairman. One that I know you are familiar with is, of course, the cowboy poets gathering that takes place in Elko every year. That has taken

place again and was highly successful. I even thought of entering one of the poems from the gathering into the record. Let me share that with you privately afterward.

[The information follows:]

Grants made to Nevada, fiscal year 1987

Grantee	*Amount of grant*
Nevada Opera Association	$8,000
Navada State Council on the Arts	34,700
Nevada State Council on the Arts	10,500
Nevada State Council on the Arts	344,000
Clark County—Board of County Commissioners	7,500
Total for Nevada	404,700

ASSISTANCE PROVIDED THROUGH THE NEVADA STATE COUNCIL ON THE ARTS

In fiscal year 1986 the Endowment awarded four grants totaling $396,100 to the Nevada State Council on the Arts in Reno. Grants included a basic State grant of $329,300 awarded through the State programs office, $37,800 awarded through the Artists in Education Program for support of artists residencies in schools, and two grants totaling $28,900 awarded through the Folk Arts Program for support of projects including a survey of the traditional arts and artists of Lincoln County, NV. These grants were used primarily to support the fiscal year 1987 programs of the Nevada State Council and constituted approximately 68 percent of the council's budget for that year.

In fiscal year 1987 the council supported 98 projects through grants to 53 organizations and 24 individuals in 19 Nevada communities. $428,400 in Federal and State dollars awarded by the council were combined with $4.08 million in local and private dollars to support arts projects involving a reported 1,879 artists. All but 7 of the 98 projects supported by the council utilized funds provided by the Endowment.

Funds assisted projects in 11 arts disciplines and included support for concerts, performances, creation of new work, exhibitions, festivals, classes and lectures, artist residencies in schools and communities, conferences, and support for the operation of Nevada arts organizations.

Representative examples of awards include the following: a grant of $2,214 to the Discovery Childrens' Museum in Las Vegas for support of exhibitions; a grant of $22,140 to support programming by KNPR—Nevada public radio in Las Vegas; a grant of $1,250 to the Yerington Theater in Yerington for support of artist residencies in schools; a grant of $5,000 for support of performances by the Sierra Wind Quintet of Las Vegas; a grant of $22,140 to help support the operations of the Sierra Nevada Museum of Art in Reno; a grant of $22,140 to the Reno Philharmonic Association for support of musicians' fees; a grant of $22,140 to the Las Vegas Symphony for support of musician's fees; a grant of $7,380 to the Reno Chamber Orchestra for support of musician's fees; a grant of $7,380 to the South Nevada Musical Society in Las Vegas for support of musician's fees; a grant of $750 to the Reno Sparks Tribal Colony in Reno for support of a festival of traditional arts; a grant of $3,680 to the Boulder City Cultural Center in Boulder City for a series of performances; a grant of $30,000 to the Nevada Dance Theater in Las Vegas for support of dancers' salaries; a grant of $1,000 to the White Pine School District of East Ely to support a residency by a visual artist; a grant of $1,000 to the Gardnerville Elementary School of Gardnerville to support a residence by a visual artist; a grant of $1,000 to the Humboldt County School District in Winnemucca to support a residency by a dancer; a grant of $10,000 to the Storey County School District in Virginia City to support artist residencies in schools; a grant of $6,480 to the Lincoln County Arts Council of Panaca for support of artist residencies in schools; a grant of $14,760 to help support the operations of the Brewery Arts Center of Carson City; a grant of $750 to support the work of photographer, Pasha Rafat, of Las Vegas; a grant of $1,000 to support the work of media artist, Gwen Clancy, of Reno; a grant of $1,000 to support performances by musician,

George Rosenberg, of Elko; a grant of $1,845 to support the work of visual artist, Mike McCollum of Las Vegas; a grant of $3,690 to support performances by the West Coast Experimental Theater of Las Vegas; a grant of $2,583 to support exhibitions at Western Nevada Community College in Carson City; a grant of $3,690 to support performances by the Nevada Festival Ballet in Reno; and a grant of $22,140 to help support operations of the Nevada Opera Association of Reno.

INITIATIVES FOR RURAL AREAS

Senator REID. What are the Endowment's future plans to implement these directives?

Mr. HODSOLL. Mr. Chairman, if I could, I'd like to submit that information for the record.

[The information follows:]

The Endowment plans to continue support for existing programs which have a particular capacity to assist artists and arts organizations, as well as reach audiences in rural areas. These include:

The dance/inter-arts/State programs [DIS] presenting/touring initative which provides funding, matched by grantee State and regional arts agencies, to organizations presenting dance companies that tour. In 1986, 63 percent of all presenters participating in the program performed in communities with populations under 100,000.

The Media Arts Program, through its regional performance television project, supports nationally televised productions of outstanding regional performing arts groups, making their programming available to the widest possible audience.

The Endowment's performing arts programs will continue to provide support to outstanding dance, music, opera, musical theater, and theater companies of national or regional significance, wherever they are located. In addition, support is provided to enable these companies to tour and present their work to audiences outside their home cities and States.

Our fellowship programs in dance, literature, media arts, music, theater, and visual arts assist artists wherever they live. In addition, regional fellowship programs in media arts, visual arts, and inter-arts—through a cooperative program with the Rockefeller Foundation—reach artists on a regional basis.

The design arts grants to State and regional arts agencies support efforts by State and regional arts agencies to develop design arts programs. The Museum Program offers project support to museums, large and small, in communities across the Nation.

The Arts in Education Program now provides arts in schools basic education grants to assist collaborative efforts between State arts agencies and departments of education to encourage projects which promote the arts as a basic element of education. Making the arts a part of basic education is critical in areas distant from urban centers which tend to have fewer local arts resources. Also, our State arts in education grants, available to all State arts agencies, support artist residencies in schools and other educational settings. In rural areas, these residencies play an important role in the development of arts programming for the entire community.

The Folk Arts Program, through direct grants to organizations presenting and preserving our traditional arts, and through indirect grants given to State and local groups to support their indigenous artists, reaches into small and rural communities in virtually every State.

The Endowment is doing quite a bit in this regard. First, the Endowment plans to continue several recent initiatives which are aimed at broadening participation in Endowment programs by artists and arts organizations from small and rural States. Such initiatives include:

CHALLENGE III

Fiscal year 1989 marks the 11th and concluding year of an established Challenge Grant Program, challenge II. The new direction of the program—challenge III—is designed to fund exceptional projects which have the potential of making a lasting impact

on excellence, access, appreciation of the arts and/or increased non-Federal support for the arts. Challenge III is designed with few restrictions as to the eligibility of applicants. Under challenge III, the minimum challenge grant size has been reduced from $100,000 under challenge II, to $50,000. This smaller minimum grant will make it easier for institutions with smaller budgets to raise the required matching funds and to benefit from the program. Consortia applications are encouraged; this allows smaller arts organizations to join together to enhance their capabilities. Collaborations within and between States are also encouraged. In addition, projects funded under challenge III for the principal purpose of increasing non-Federal support have the potential to significantly increase the resources available to not only the applicant organization, but to other arts organizations through subgranting and the establishment of programs to promote technical assistance across the Nation.

The first round of challenge III applicants—121 applicants—is in the process of being evaluated; grants will be announced in October 1988.

Local Programs

Local programs, now a permanent program of the Endowment, has recently added a local arts agency development category. Under this new category matching grants are awarded to local arts agencies [LAA's] to strengthen their professional planning and administrative capabilities.

The benefits of these grants make LAA's more competitive for our local government incentive grants, which are 3-year grants designed to assist LAA's in substantially increasing local government support for the arts. Nearly 40 percent of the 225 LAA's that received local government incentive grants between 1984 and 1988 are located in communities with populations of less than 50,000. These grants also reach outlying communities; to date, 2,696 communities in 34 States have benefited. These communities may not show up directly on our grants listings, since the State and local arts agency that receives the initial grant may go to a grantee located in a city; but the benefits are direct and immediate to small and rural communities.

Community Foundation Initiative

The Expansion Arts Program's community foundation initiative, whose aim is to improve access to private funders for minority and emerging arts groups, has proven to be an effective tool in developing and assisting rural, as well as urban, arts organizations. For example, with a community foundation initiative grant, the New Hampshire Charitable Fund has developed a special program geared to assist emerging organizations in the rural northern one-half of the State to improve their financial foundations.

Rural Arts Initiative

The May 1988 meeting of the National Council on the Arts will review a special new initiative in the Expansion Arts Program for rural arts activity. Designed to begin in 1989, this new initiative is expected to provide funds to State arts agencies to regrant to rural arts organizations within their States.

Conference on the Arts in Rural Areas

In June 1987 the Endowment cosponsored with the National Assembly of Local Arts Agencies [NALAA] and the Western States Arts Foundation, the Arts in Rural Areas Information Exchange, in Portland, OR. This conference provided an opportunity for experienced arts leaders in rural communities to exchange ideas and to discover new resources to assist them with their work. It also helped them learn more about the support available through Endowment programs. This was reported to be the largest national conference ever convened on the arts in rural areas and is seen as the beginning step in an ongoing effort to exchange information on the arts in such areas. As the result of the meeting, a database of successful approaches and the list of participants which highlights their particular skills and experience have been compiled in a resource guide. Several recommendations resulted from the meeting, and the Endowment will be discussing with our public partners in State and local government ways in which to build on these recommendations.

The Endowment's programs are advised by panels—rotating groups of experts who meet throughout the year to review applications, develop or revise guidelines, and advise on future directions. The Endowment continues to seek panelists from small and rural States, along with panelists from the larger States. In 1987, artists and groups in the Central Plains States of North Dakota, South Dakota, Minnesota, Nebraska, Iowa, Kansas, Missouri, Oklahoma, and Arkansas submitted 926 or 5 percent of the applications received by the Endowment; 45 or 6 percent of our panelists that year came from those States. Artists and arts organizations in the western States of Washington, Oregon, Idaho, Nevada, Montana, Wyoming, Utah, Colorado, Arizona, and New Mexico together submitted 1,409 or 8 percent of the applications received by the Endowment; 60 or 9 percent of our panelists in 1987 came from those States. Compare these figures with those for the more populous States: 702 or 4 percent of our applications came from Illinois in 1987 and 30 or 4 percent of our panelists came from that State; New York artists and arts organizations submitted 4,823 or 28 percent of the applications received by the Endowment in 1987 and 147 or 21 percent of our panelists came from New York.

The agency plans to continue its outreach efforts through support of staff travel, particularly to areas distant from urban centers, and wide dissemination of information about Endowment programs. Program staff incorporate visits to rural areas into their travel itineraries wherever it is feasible to participate in workshops and meetings and to advise potential applicants on their applications. Staff also uses these opportunities to identify potential panelists. The Endowment's "Guide to the National Endowment for the Arts," our general information booklet, is widely distributed.

ENDOWMENT KNOWN TO SMALL INSTITUTIONS

Senator REID. How does the Endowment make itself known to smaller institutions, particularly away from major cities, to inform them that you exist, that you have grant programs, and that you can help?

Mr. HODSOLL. It is a high priority of the Arts Endowment to make information about our programs and initiatives available to the widest possible populace. The "Guide to the National Endowment for the Arts," our general information publication, is widely distributed. It helps arts organizations and individuals to assess, in a preliminary way, what programs of support are available and whether to apply.

The Endowment supports six regional representatives based in various locations around the country to act as a link between specific regional areas of the country and the Endowment. The regional representatives report on a monthly basis directly to the chairman regarding activities in their particular regions. These regional representatives represent the Endowment at conferences and cultural events, large and small, throughout their regions. In addition, the representatives address and confer with State and local authorities as well as a wide variety of artists and arts organizations on a broad range of Endowment interests and initiatives.

In addition to processing applications and performing their other duties, Endowment staff devote considerable time to responding to requests from potential applicants who need information and assistance. The Endowment's "Arts Review" publication, which regularly lists application deadlines and other news about the Endowment and the arts community, is available to the public by subscription. The "Guide to the National Endowment for the Arts" and our individual guideline booklets are widely distributed at no cost to requesting parties. Staff

travel itineraries regularly include workshops and conferences as well as other opportunities to meet and provide information and assistance to potential applicants. Through staff travel, suggestions from regional representatives and from others in the field, we seek qualified individuals from areas away from major cities to serve on our panels.

Senator REID. The budget request, as I indicated earlier, is the same as last year.

Do you know how long it has been since the President's budget included an increase for the National Endowment for the Arts?

INCREASES IN ARTS ENDOWMENT REQUESTS

Mr. HODSOLL. The last increase was recommended for fiscal year 1981, when the budget was proposed to go up from $154.6 million to $167.9 million.

Senator REID. We will have to take a break. I heard the bells go off.

[A brief recess was taken.]

Senator REID. We established that there had not been an increase since 1981. We have had in the past, though, and I think the good news is there is level funding this year. For the first time since I can remember there have not been any suggested proposed budget cuts. Is that right? We are making headway?

JUSTIFICATION OF FISCAL YEAR 1989 REQUEST

Mr. HODSOLL. We are proposing a level budget, Mr. Chairman. Our request is reflective of the agreement reached as a part of the budget compromise last year. The package of programmatic requests, as evidenced in the President's budget, represents a reasonable compromise between, on the one hand, the legitimate needs of the Endowment's programs, and on the other hand, the need to constrain Federal spending.

I might note that if one looks long term at the nature of executive branch budget requests, one sees enormous increases in the 1970's. Then they began to taper off as the budget deficit started to go up in the late 1970's.

Senator REID. Why do you think we had a level funding request this time?

Mr. HODSOLL. We had a level funding request because in light of the need to constrain Federal spending, the Office of Management and Budget and the President believe that the arts are important and merit a level budget.

ADMINISTRATIVE REQUEST

Senator REID. The 1989 request does, however, include a reduction in nearly every program area. The administrative costs are proposed to increase from $16,140,000 to $17,443,000 in fiscal year 1989, an increase of $1,303,000.

I would like a brief comment on how you justify this increase at a time when the program and grant costs are being reduced. It seems it should be just the opposite.

Mr. HODSOLL. I quite agree. There is nothing I would prefer to do than go in the opposite direction. Unfortunately, as our budget submission shows, Mr. Chairman, we have a number of uncontrollable administrative costs in the budget. Only a very small portion of our administrative budget is discretionary. Virtually all of it, by far the largest portion, is personnel costs. Within this area, we are subject to increased needs in terms of the programs, but also we have increased personnel costs due to statutory requirements that require additional funding.

We are requesting a slight increase in our FTE ceiling—three people.

In addition, our requested increases in panel costs and travel essentially reflect a number of things. As you know, the travel per diem rates for Federal employees or people who are brought in by the Federal Government have gone up. In recent years, we have not been able to pay the regular per diem rates to our panelists because of budgetary constraints. Therefore, we proposed in our fiscal 1989 budget an amount sufficient to fully compensate our panelists, at the regular per diem rates.

EFFECT OF DECREASES ON ENDOWMENT PROGRAMS

Senator REID. What impact will these programmatic decreases have on arts programs and activities?

Mr. HODSOLL. The President's fiscal year 1989 budget for the Endowment proposes modest reductions in program funds compared to fiscal year 1988 funding levels. These proposed shifts in funding will not result in reductions in all programs. Under the fiscal year 1989 budget, folk arts, inter-arts, opera-musical theater, arts in education, local programs, and State programs will receive increases over their fiscal year 1988 level of funding and the Literature Program will remain level funded. I can provide additional information for the record.

[The information follows:]

The impact of this shift in funds will: (a) channel increased resources into programs supporting presenting and touring projects, activities which reach broad audiences and encourage increased participation in the arts; (b) respond to the momentum taking place in the field of opera-musical theater; (c) strengthen the Endowment's emphasis on making the arts a part of basic and sequential education in the public schools; (d) continue to support the progress made in generating State and local support for the arts; and (e) meet increases in administrative costs resulting from the: pay increase in fiscal year 1988 and the projected pay increase in fiscal year 1989; incorporation of the new Federal Employees' Retirement System; and increases in space and equipment rental costs, contractual services and panelist contracts.

The Endowment estimates that only 3 percent fewer grants will be made in fiscal year 1989 than were made in fiscal year 1988 as a result of these budget shifts. Most of this projected decrease is accounted for in just two funding categories: Expansion arts organizations and visual artists fellowships. In both of these categories, the Endowment plans to award somewhat fewer grants at higher grant amounts.

STEPS TO REDUCE ADMINISTRATIVE COSTS

Senator REID. What steps has the Endowment taken over the last 3 years to minimize administrative costs?

Mr. HODSOLL. In the face of rising administrative costs, many of which are beyond our control, such as successive pay increases, increased rental payments, increased costs associated with the new Federal Employees Retirement System and general inflation, the Endowment has taken a variety of steps over the past 3 years to minimize administrative costs. Mr. Chairman, with your permission, I'd like to submit additional details for the record.

[The information follows:]

In fiscal year 1986, we discontinued our in-house travel services. The Endowment now uses the services of a commercial travel agent, at no cost to the agency.

During fiscal year 1986, we reviewed specifications for a personnel management system designed to meet Office of Personnel Management automated personnel data reporting requirements. Originally we had intended to develop this system through a contract with a commercial computer software vendor. However, in evaluating options, the Endowment determined that it would be most cost effective to obtain both payroll processing and automated personnel records services from a single source. Accordingly, in December 1986, the Endowment transferred its payroll processing from the General Services Administration to a system operated by the Department of Agriculture's National Finance Center. By using this system, we have eliminated the expense of developing the software and now receive both payroll processing and automated personnel records from a single source without incurring development costs for software. Savings resulting from this new system are estimated to be more than $150,000 over the next 5 years.

In fiscal year 1987, in an effort to reduce typesetting and printing costs, the Endowment's fiscal year 1987 annual report to the Congress was prepared on our computer system and transmitted to the typesetter on magnetic media. Therefore, the typesetter did not have to re-enter the information into their system or add the special codes necessary for typesetting equipment. This generated significant cost savings in producing our annual report. In the future, we expect that other printed materials can be prepared in a similar manner at lower costs.

In fiscal year 1987, the Endowment entered into an agreement with the Department of Commerce to participate in the International Merchant Purchase Authorization Card [IMPAC] Program, which enables designated purchasing officials of the agency to use a MasterCard to charge small purchases—less than $1,000. The Government estimates that the average cost of processing a purchase order for small purchases is approximately $105. Therefore, the use of charge cards represents a sizable reduction in the time and cost associated with processing the paperwork necessary for small purchases and will eliminate many transactions in which agency personnel ask to be reimbursed for out-of-pocket expenses from the agency's imprest fund. There are also two side benefits from the charge card program: the face of each card indicates "US GOVT TAX EXEMPT" so that local sales taxes are not charged; and vendors are paid quickly through regular MasterCard channels rather than having to bill the Government and wait for a Treasury check.

In fiscal year 1988, the Endowment—in conjunction with the small agency council—a consortium of 20 small Federal agencies—is participating in a series of executive development seminars. The first of these seminars enabled 10 Arts Endowment managers to participate in a $4,000 program for a total cost to the agency of $500.

Another cost-saving program sponsored by the small agency council which the Endowment has taken advantage of is the excess equipment inventory program. Each month, member agencies receive a list of equipment and supplies which are excess to member agencies' needs.

Through this program, the Arts Endowment has obtained, at no cost, equipment and supply items such as electric typewriters, computer peripherals, and computer paper.

In addition, through an agreement with the General Services Administration [GSA], we have a new arrangement whereby our cut-sheet forms are being reproduced and printed electronically, as needed, at GSA's facility in Fort Worth, TX. This will save the Endowment 50 percent of the cost of commercially printing the forms.

The Endowment is moving forward on several other initiatives to reduce administrative costs.

In conjunction with the General Services Administration, we hope to conclude, by the end of the third quarter in fiscal year 1988, an agreement for warehouse space in a consolidated warehousing facility. This will provide us with safe and convenient space for agency records and supplies at a cost lower than the inadequate space we are currently leasing.

We will solicit proposals to contract out our mail receiving, sorting and delivery functions, as well as our supply room operations. If this option proves cost effective, it will be similar to our current use of a contractor to provide in-house copying and reproduction services, which has proven to be more cost effective than leasing equipment and hiring operators.

We are working with the Treasury Department to increase our use of electronic funds transfer in an effort to reduce the costs to both the Endowment and the U.S. Treasury of preparing paper checks. We expect that increased use of this procedure will also provide more accurate, timely, and convenient payments to Endowment grantees, vendors, and contractors.

PRIVATE CONTRIBUTIONS SUPPORT

Senator REID. In some of your opening comments, you indicated that support from private contributions has continued to grow. Do you think that is a result of the activities of your agency or other forces?

Mr. HODSOLL. I think it is primarily due to an overall strong economy. If one looks at figures from the Association of Fundraising Counsel over time, one can track increases in private sector contributions, not only in the arts but in other sectors of the nonprofit economy, in relation to good conditions in the economy.

CATALYTIC EFFECT OF ENDOWMENT GRANTS

I believe that the Endowment's programs have a catalytic effect in many instances for stimulating Federal support. All of our grants must be matched at least one for one, except when they are fellowships to individuals.

Our Challenge Grant Program and Treasury funds require a 3-to-1 match. In the case of challenge, this match must be in new or increased moneys.

Let me give you one example where Endowment granting programs have specifically stimulated private support for the arts. One of the most successful examples of this in recent years has been the local programs, which we initiated in 1983. That program, with an investment on the order of $10 million in Federal dollars, has generated over $48 million in new public and private moneys, mostly public appropriations, at the State and local levels. That represents new money for the arts and provides enormous leverage. This is just one example but I believe that there are a variety of art programs where we can show that.

Senator REID. What more can be done to stimulate financial contributions from private sources, State and local governments, in view of very limited Federal resources?

Mr. HODSOLL. Mr. Chairman, if I could, I'd like to provide that information for the record.

[The information follows:]

Because Federal dollars can and should provide only a small fraction of the total support needed to sustain the arts in the United States, the Endowment has always been concerned with encouraging increased contributions from non-Federal sources. In addition to promoting continued increases in total non-Federal giving to the arts, the Endowment encourages giving to support a broader range of activities and recipients than have traditionally received support in the past.

The Endowment seeks various strategies which over time will encourage increased non-Federal support for the arts. They include:

Efforts to stimulate non-Federal support through the matching requirements of all our grants to arts organizations, State and local agencies and regional arts groups. Matching means that all organizational applicants must match the Endowment funds on at least a 1-to-1 basis.

The Challenge Program, which must be matched 3 to 1, has since 1983 granted $111 million in Federal funds. These Federal funds have generated more than $578 million in new and increased support for arts institutions. With the introduction of challenge III in fiscal year 1987, program eligibility was broadened and made more flexible in order to maximize opportunities to raise matching funds for projects of long-term impact.

Recognizing that some art forms and activities have more difficulty than others in obtaining non-Federal support, the Endowment has developed a number of complementary strategies. For example, our program funds often help defray the necessary costs that enable arts groups to develop their projects and productions to the point where they can more easily seek matching funds from non-Federal sources.

Local programs plays an important role in generating support for the arts at the local level. Our fiscal year 1989 budget request proposes an increase in funds for local programs. The first five rounds are projected to have generated for the arts $34 million in new State and local funds and $14.6 million in private funds, to match $9.9 million in Federal dollars for 3 year projects in the period between 1984 and 1991.

The Advancement Program works with developing and emerging arts organizations of the highest artistic excellence to assist them in developing their basic management skills and improving their capacity for fundraising.

Education in the arts is essential both to an enlightened citizenry and to insure that young people become part of the arts audiences and ultimately support the arts. The Endowment's expanded Arts in Education Program is designed to encourage serious and sequential study of the arts as a part of basic education, K-12. Educating Americans in the arts will nurture perceptive and committed audiences, for the present and the future.

The Arts Endowment has over the years created partnerships with a number of national corporations and foundations to help carry out joint initiatives on behalf of the arts. Some of these partnerships have included—with Exxon, support of the Young Conductors Program—with the Cargill Corp., support of "Prairie Home Companion"—with Equitable Life Insurance and the Rockefeller Foundation, support of a program of awards in the visual arts.

Finally, this administration proposed the National Medal of Arts, to honor both distinguished artists and patrons. Since 1985, three groups of honorees have received this recognition, which draws attention to the arts and encourages future patronage.

ARTS EDUCATION

Senator REID. The Arts in Education Program in 1987 marks the first year that planning grants would be awarded to States. Is that right?

Mr. HODSOLL. Right.

Senator REID. Would you explain the selection process, including the criteria used?

ARTS EDUCATION PLANNING GRANTS

Mr. HODSOLL. Sure. The basic planning grants for arts education were something that the Endowment instituted in 1987. The planning grants were awarded on a competitive basis to assist State arts agencies and State departments of education to develop plans and programs which promote the arts as a basic element of education. In the first year, we received 42 applications from the 56 States and special jurisdictions which were eligible, and we made 16 grants. Now in the second year, we will make eight more grants. So 24 States are participating in the planning process.

Applications are judged by the panelists using criteria printed in our guidelines. The criteria are applied to the State applications on the basis of whether or not there will be a real, underscore the word real, collaboration between the State arts agencies and the State education agencies to assist a planning process which would make the arts a basic and sequential part of K through 12 education.

We have a fairly extensive application form. The panels carefully review the material the State arts agencies put forward, and make a judgment essentially as to which of these applications will really help the process of arts education go forward, not at the Federal level but in the State that is applying.

Senator REID. You mentioned 24 States had been selected during the past two selection periods. Were Nevada or West Virginia selected among any of the 24? I bet you could supply that to us.

Mr. HODSOLL. I will supply it to you for the record.

Ms. MOORE. Nevada has not.

Mr. HODSOLL. Let me supply it for the record, if I may.

[The information follows:]

Under the new Arts Education Program, in the second round (fiscal year 1988) West Virginia has received a planning grant; Nevada has not to date applied for nor received a planning grant.

PLANNING GRANT IMPLEMENTATION

Senator REID. What are the next steps in the nationwide implementation of the program? Provide for the record a listing of States selected for planning grants in 1987. Have selections been made for 1988?

Mr. HODSOLL. Yes, sir, we can provide that for the record.

[The information follows:]

In fiscal year 1987, 16 State arts agencies received planning grants under the new arts in States basic education grants [AISBEG] category. These grants were made to encourage State education agencies and other appropriate groups to develop long-range plans to make the arts a basic and sequential part of education. Planning grants, which do not exceed $20,000, can cover a year or more of preparatory activities including but not limited to: surveys and needs assessments; State and local-level conferences and meetings; development and documentation of model programs, projects and curriculum development; and dissemination of advocacy and instructional resources. The 16 State arts agencies that received these initial planning grants in fiscal year 1987 were: Idaho, Illinois, Indiana, Kentucky, Maine, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, Oklahoma, South Carolina, Tennessee, Utah, and Wisconsin. In fiscal year 1988, 8 additional States will receive AISBEG planning grants, bringing the total number of States to 24, or nearly 50 percent of all States.

In fiscal year 1988, AISBEG implementation grants are available for the first time to those State arts agencies that received planning grants in fiscal year 1987 or have undertaken the requisite planning without Endowment funding. Under this category, State arts agencies may receive annual grants of up to $50,000 a year for up to 3 years. Eleven States applied for funding in the initial round; eight of these applicants had received planning grants in fiscal year 1987. Selection of the State arts agencies which will receive implementation grants will be made in August 1988.

ADVANCEMENT PROGRAM

Senator REID. Let's move to the Advancement Program.

The Advancement Program assists emerging arts organizations to improve levels of financial and administrative stability. It is my understanding about 100 small organizations have been assisted during fiscal 1983 to 1986.

Does this program have any bearing on the small and rural States? Are they included in that?

Mr. HODSOLL. Absolutely. We can supply for the record the institutions which have received advancement grants. There are institutions from all over the country, but I can't tell you how many come from rural areas off the top of my head.

I might say, if I may, that the Advancement Program is designed to help smaller institutions achieve improved levels of management through two phases: technical assistance, and then an implementation grant which is matched 3-to-1. Because the program is aimed at smaller institutions, many of the institutions funded are in smaller towns because it is less likely that there are large institutions in smaller towns and rural areas.

[The information follows:]

ALPHABETICAL LISTING OF ADVANCEMENT GRANTS
(Made in FY 1988)

Arts Resources in Collaboration	New York, NY
Associated Writing Programs	Norfolk, VA
Astro Artz/High Performance	Los Angeles, CA
Ballet/Aspen, Inc.	Aspen, CO
Ballet Concierto de Puerto Rico	Santurce, PR
Boston Lyric Opera Company	Boston, MA
City Celebration, Inc.	San Francisco, CA
City Lore, Inc.: The New York Center for Urban Folk Culture	New York, NY
Coffee House Press	Minneapolis, MN
Concert Dance Company of Boston	Watertown, MA
Dance Exchange	Washington, DC
Dance Umbrella, Boston, Inc.	Cambridge, MA
Dean Dance & Music Foundation, Inc.	New York, NY
The Fabric Workshop	Philadelphia, PA
Film/Video Arts, Inc.	New York, NY
HARRY'S Foundation, Inc.	New York, NY
Inter-Arts of Marin	San Anselmo, CA
Jose Limon Dance Foundation	New York, NY
Light Work	Syracuse, NY
Los Angeles Center for Photographic Studies	Los Angeles, CA
Milkweed Chronicle, Inc.	Minneapolis, MN
New Dance Ensemble	Minneapolis, MN
New York Experimental Glass Workshop	New York, NY
New York Landmarks Conservancy	New York, NY
Nexus Contemporary Art Center	Atlanta, GA
Performance Space 122, Inc.	New York, NY
Photographic Resource Center, Inc.	Boston, MA
Pick Up Company/David Gordon	New York, NY
Randolph Street Gallery	Chicago, IL
The Repertory Dance Theatre	Salt Lake City, UT
Revels, Inc.	Cambridge, MA
Sacramento Opera Association	Sacramento, CA
San Francisco Camerawork	San Francisco, CA
San Francisco Mime Troupe	San Francisco, CA
Sharir Dance Company (American Deaf Dance)	Austin, TX
Southwest Alternate Media Project	Houston, TX
Spaces	Cleveland, OH

ALPHBETICAL LISTING OF ADVANCEMENT GRANTS
(FY 1980 through FY 1985)

Organization/City/Group

Academy of Media and Theater Arts (AMATA)/SF/I
The Albany Museum of Art/Albany, GA/III
Richard Allen Center for Culture & Art/NYC/III
Amas Repertory Theater/NYC/I
Anchorage Civic Opera/Anchorage/I
Anchorage Concert Association/Anchorage/III
and/or Service/Seattle/I
Arte Publico Press/Houston/I
The Artists Foundation, Inc./Boston/III
Artists Space/NYC/III
Asian American Dance Theatre/NYC/III
Asian Cine-Vision/NYC/I
Aspen Art Museum/Aspen, CO/III
At the Foot of the Mountain/Minneapolis/II

Bilingual Foundation for the Arts/LA/III
Blue Ridge Institute/Ferrum College/Ferrum, VA/II
Body Politic Theater/Chicago/II
Boston Film Video Foundation (BF/VF)/Boston/I
Trisha Brown Dance Co./NYC/I

Cabrillo Music Festival/Aptos, CA/II
Canton Symphony Orchestra/Canton, OH/II
Capitol Ballet/DC/Pilot
Catamount Film and Arts Company/Saint Johnsbury, VT/III
CenterArts/Humbolt State University/Arcata, CA/III
Center for Contemporary Arts/Santa Fe, NM/I
Center for New Television/Chicago/I
Center for Occupational Hazards/NYC/III
Center for Positive Thought/Buffalo/Pilot
Chamber Music Northwest/Portland, OR/II
Chicago Children's Choir/Chicago/III
Chicago Opera Theater/Chicago/I
Clearinghouse for Arts Information/NYC/III
The Colorado Philharmonic Orchestra/Evergreen, CO/II
Columbia Museum/Columbia, SC/III
Contemporary Arts Center/New Orleans/III
Contemporary Arts Educational Project/Sun & Moon Press/LA/I
Creative Time/NYC/I

Danspace/St. Mark's Church in the Bowery/NYC/II
Dashiki Project Theatre/New Orleans/P
District Curators, Inc./DC/III
Frederick Douglass Creative Arts Center/NYC/P

East Tennessee Community Design Center, Inc./Knoxville/III
East West Players, Inc./LA/III
80 Langton Street/New Langton Arts/SF/I
Ensemble Studio Theater/NYC/II
Ethnic Folk Arts Center/Balkan Arts/NYC/P
Eureka Theater Company/SF/II

Film Arts Foundation (FAF)/SF/I
Film Arts Fund/Anthology Film Archive/NYC/I
Foundation for Dance Promotion/NYC/II
Franklin Furnace/NYC/I

Graywolf Press/Port Townsend, WA/I
The Group Theatre Company/Seattle/III
Guild Hall/East Hampton, NY/III

Hallwalls, Inc./Buffalo/III
Helena Film Society/Helena, MT/III
House Foundation for the Arts/NYC/II

Independent Eye/Lancaster, PA/II
International Art of Jazz/Stony Brook, NY/II

Jamaica Arts Center/Jamaica, NY/III
Jazzmobile/NYC/P
Margaret Jenkins Dance Co./SF/II
Jubilee Community Arts/Knoxville/III

Kentucky Opera Assn./Louisville/I

Elma Lewis School of Fine Arts/Dorchester, MA/P
Literary Art Press, Inc./Persea Books/NYC/I
Long Island Philharmonic Society, Inc./Huntington, NY/II
Los Angeles Contemporary Exhibitions (LACE)/LA/I
L.A. Theater Works/Artists in Prison/LA/P
Lyric Opera of Kansas City/Kansas City, MO/I

Mabou Mines Development Fund/NYC/II
Metropolitan School for the Arts/Syracuse, NY/III
Minnesota Composers Forum/St. Paul, MN/II
The Mixed Blood Theatre Co./Minneapolis, MN/III
Monadnock-Music/Peterborough, NH/II
Museo de Arte de Ponce/Ponce, PR/III
El Museo del Barrio/NYC/P
Museum of American Folk Art/NYC/III
Music Theater Group/Lenox Arts Center/NYC/I

National Center of Afro-American Artists/Museum Division/Boston/III
National Council for the Traditional Arts/DC/II
Negro Ensemble Company/NYC/P
New Performance Gallery/SF/II

Oakland Ensemble Theatre/Oakland/III
Oberlin Dance Collective/SF/II
The Old Creamery Theatre Company/Garrison, IA/III
The Old Town School of Folk Music, Inc./Chicago/II
On the Boards/Seattle/III
Opera/Omaha/Omaha/I

Pan Asian Repertory Theatre/NYC/III
The Pennsylvania Opera Theater/Philadelphia/I
Pentacle/Danceworks, Inc./NYC/II
The Philadelphia Dance Company/Philadanco/Philadelphia/P
Portland Stage Company/Portland, ME/II
Portland Symphony Orchestra/Portland, ME/II

Real Art Ways, Inc./Hartford, CT/III
Recorded Anthology of American Music d/b/a New World Records/NYC/II
Repertorio Espanol/NYC/P
The Road Company/Johnson City, TN/P

St. Luke's Chamber Ensemble/NYC/II
Sew Productions/Lorraine Hansberry Theatre/SF/III
Gregg Smith Singers/NYC/II
Social and Public Arts Resource Center (SPARC)/Venice, CA/I
South Dakota Symphony/Sioux Falls, SD/II
Speculum Musicae/NYC/II
Studio Museum in Harlem/NYC/P
Sun Press/NYC/I

El Teatro Campesino/San Juan Bautista, CA/P
Theater de la Jeune Lune/Minneapolis/II
A Traveling Jewish Theater/SF/II

Victory Gardens Theater/Chicago/II
Visual Arts Center of Alaska/Anchorage/III

Dan Wagoner Dance Foundation/NYC/II
Washington Project for the Arts/DC/I
The Writer's Center/Bethesda, MD/I

ARTS EDUCATION CENTERS

Senator REID. I understand the Endowment in cooperation with the Department of Education established two arts education research centers. Is that an appropriate name for it?

Mr. HODSOLL. Yes, sir.

Senator REID. When were the arts education centers established? Where are they located? What is the annual cost to operate the centers?

Mr. HODSOLL. The National Arts Education Research Center was established in fiscal year 1987. The center has two divisions, one on the campus of New York University and the other on the campus of the University of Illinois at Champaign-Urbana. The center is cofunded by the Arts Endowment and the U.S. Department of Education. Federal support for the center in the first year is $807,000. It is the intent of both the Endowment and the Department of Education to fund the center's two sites for an additional 2 years, subject to congressional appropriations. The level of support in the second and third years will be determined based on a review of present activities and availability of funds.

Senator REID. Tell the committee what sort of work goes on at the centers, and maybe give an example of a specific project.

Mr. HODSOLL. I'd be happy to. There is one research center for arts education, and another center for literature education. The center for literature education is at the State University of New York at Albany. The center for arts education—other than literature—has two divisions, one located at New York University and one located at the University of Illinois in Champaign-Urbana.

The University of Illinois center is planning a number of what I would call traditional research projects, including the development of base line data, of curricula, testing and evaluation, and the like.

In addition, it will be undertaking a number of special projects in the fields of arts education. Most of the arts education that exists in the country today involves music and visual arts. Theater and dance, media and the design arts, and to an extent, creative writing, are relatively underrepresented in most schools.

The University of Illinois center will undertake two projects to help redress this imbalance. The first project will develop in an actual school district in Scottsdale, AZ, a theater curriculum and then test and evaluate it. The second project will develop a dance curriculum; the location of the school is yet to be determined.

At the New York University center, we are trying a rather different approach. Basically what this center will do is identify—they've already identified—teachers who teach in New York City junior high schools who will work with researchers in evaluating the effects of their teaching on learning in the schools.

The reasoning for involving the teachers as opposed to researchers from the outside is to develop some sense of the evaluation with the people who are actually doing the teaching in the schools.

In the second year of this project the teachers will then be brought into contact with other teachers from across the country, so that their experiences in this joint research and evaluation concerning what teaching methods work for what purposes in the schools can be shared with people in different States.

Senator REID. How many employees does each center have? Are these Federal employees? Are they counted against the Endowments FTE ceiling?

Mr. HODSOLL. The divisions of the Arts Education Research Center at New York University and the University of Illinois have the equivalent of 4 FTE and 4.5 FTE, consisting of both professional and clerical support staff, respectively. The work of the two divisions is performed by university staff and faculty or by contractors to the respective university divisions which have entered into a cooperative agreement with the Arts Endowment. Accordingly, no employees of either division of the center are Federal employees and, therefore, the positions associated with the conduct of the center's activities do not count against the Endowment's FTE ceiling.

Senator REID. How much does the Endowment spend to support the centers?

Mr. HODSOLL. In fiscal year 1987, the Endowment provided $308,000 in support. In fiscal year 1988, the Endowment intends to provide $558,000 in support to the center.

Senator REID. Where in your budget is the funding for the centers?

Mr. HODSOLL. The arts education research centers are funded through the special projects category of the Arts in Education Program.

CHAIRMAN'S RESERVE

Senator REID. There is a portion of the Endowment funding that goes into what is referred to as the chairman's reserve. There doesn't appear to be any reference to this in your justification. For the committee's benefit, would you describe how this works and how much money is involved?

Mr. HODSOLL. When I established this reserve in 1982, I essentially set aside a little less than 1 percent of the program budget, to be used for projects that are unusual or require a special funding effort. Most of these projects are suggested to me by the programs themselves.

Senator REID. When was the chairman's reserve established? Please provide a listing for the record of the projects funded from this source in fiscal years 1986 and 1987.

Mr. HODSOLL. It has been the practice of most Arts Endowment chairpersons to hold in reserve, at the beginning of the year, modest amounts of program moneys—roughly 1 percent—for several reasons, the most important of which are: (1) To relieve pressure on funding categories when the established allocation is inadequate to appropriately fund the highest quality applicants; (2) to support targets of opportunity—usually one-time projects which cannot be anticipated as part of the ongoing budget process; (3) to make emergency grants; (4) to en-

sure that all program funds appropriated to the Arts Endowment are obligated.

The current chairman's reserve was established in 1982.

Senator REID. How do you select the projects, these unusual projects?

Mr. HODSOLL. In virtually all cases, though there may be a couple exceptions. They come through panels first. Internally, I get together with my deputies, depending on which program area of the Endowment the program falls in and discuss whether or not the project merits special consideration. We probably turn down more than we fund.

Senator REID. Do you do these on a monthly basis, a yearly basis? How often?

Mr. HODSOLL. There is not any set process for considering these. As the projects come up, we consider them. I might add, some of the projects that are funded in this way have a time urgency, and so we process them more quickly than our regular process would allow.

Senator REID. This year, would you supply the subcommittee with these projects when they are approved?

Mr. HODSOLL. I will.

EQUIPMENT RENTAL

Senator REID. You are requesting $590,000 for equipment rental, an increase of $112,000; 97 percent of this item relates to ADP equipment.

Explain to me what this is.

Mr. HODSOLL. I will turn this question over to my Deputy for Management, if I may, Jack Basso. Essentially, several years ago, we decided that it was more cost beneficial—and Jack can give you the exact numbers—to go to what is called a lease purchase plan rather than a purchase plan.

So, our request for ADP equipment reflects a schedule of rentals followed by purchases, in comparison to the present value of the cost of that equipment, this plan generates specific savings for the Endowment.

One last general point and then, if I may turn to you, Jack. Over the last several years, we have gotten the National Endowment for the Arts on a single and effective automated data processing system, which didn't exist before.

Mr. BASSO. Mr. Chairman, I will make a few comments. Virtually all of the money you see, that 97 percent, is to pay for ADP hardware, and that has been purchased since 1985. We embarked on a 5-year buying process for ADP equipment, which includes such things as major central processing units, of which the Endowment has two, down to such things as word processors in the offices, most of which as the chairman pointed out, didn't have such equipment before that time.

We have worked with the General Services Administration and taken advantage of the Federal lease to own or purchase with the Wang Corp., as our principal supplier, to buy on time, effectively, the equipment we have been using, which has allowed us to move forward somewhat more quickly than we would have been on a single-year purchase, and to take advantage of some quantity discounts in the amount of the equipment.

Senator REID. The budget indicates that ADP equipment can be purchased for only 50 percent more than the rental cost for 1 year. If that is the case, then it would seem you could buy any piece of equipment you plan to keep more than 18 months. Maybe you should buy it rather than lease it.

Mr. BASSO. In some cases, particularly items where we feel it is most beneficial. As an example, some of our central processing units, we have made outright purchases of those. In other cases, by moving somewhat more slowly, we have been able to introduce new technology in terms of equipment that has been coming out each year as opposed to simply buying out all of that hardware. Also, in terms of overall budget constraints, we have found that we can enhance our purchases year by year by actually going to a 3-year cycle of buying new equipment, which is what this lease or own purchase plan does.

Senator REID. Provide further explanation on whether or not the lease to owner program is cost effective compared to the outright purchase of the equipment?

Mr. HODSOLL. We will supply that for the record.

[The information follows:]

Although the lease to ownership program is more expensive than outright purchase of the equipment, it allows us to take advantage of rapid changes occurring in automatic data processing [ADP] equipment technology. Over a period of 5 years, many agencies which have purchased ADP equipment outright find that much of their equipment is approaching obsolescence. The lease to ownership program, which is negotiated on behalf of the Government with various ADP equipment vendors by the General Services Administration, allows the Endowment the option to discontinue or replace equipment items, or to trade-up to more modern and current technology. These options do not necessarily cost more in the long run. For example, the cost of on-line storage has declined so dramatically in the past several years that we now are able to lease devices which store roughly four times as much data as were available for approximately the same price 3 or 4 years ago. In addition, vendors now offer some computer peripherals that are considerably more reliable than similar items available several years ago, resulting in lower maintenance, reduced computer down time and higher efficiency.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. We have a number of other questions that we are going to submit to you. I apologize to each of you for the break in testimony and the confusion that exists when votes occur. Senator Byrd also expresses to you his appreciation for you being this well prepared today. There will be additional questions to which we will ask you to respond in writing for the record.

Mr. HODSOLL. Thank you very much, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to the Endowment for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Advancement

Question: How does the Advancement program help small and rural states such as West Virginia and Nevada? Give some examples.

Answer: The Advancement Program targets support toward "developing" organizations which have not yet established a strong institutional base, offering them a combination of management technical assistance and matching grants. Organizations in rural areas often fit this profile.

Advancement grantees have included numerous arts organizations from rural states. Examples include the Old Creamery Theater of Garrison, Iowa; the Catamount Film and Arts Company of St. Johnsbury, Vermont; the South Dakota Symphony; and the Blue Ridge Institute of Ferrum, Virginia. Under the Advancement Program, following their period of technical assistance, these four groups have matched the $300,000 they have collectively received in Endowment support with nearly $1 million from non-federal sources.

From FY 83 through 85, the first three years of the Advancement Program, eleven grantee organizations were located in states with a population equal to or less than that of West Virginia.

Geographic Distribution of Advisory Panels

Question: What is the geographical distribution of members of NEA Advisory panels?

Answer: Geographic Distribution of NEA Advisory Panels -- FY 1987

Region	Number of Panelists	Number of Applications
California & Pacific	112 (16%)	2736 (16%)
West	60 (8%)	1409 (8%)
Central Plains	78 (11%)	1496 (8%)
Great Lakes	66 (9%)	1613 (9%)
Southeast	68 (10%)	1227 (7%)
Mid-Atlantic	80 (11%)	2045 (12%)
New York	149 (21%)	4876 (28%)
New England	65 (9%)	1610 (9%)

Question: To what extent do you recruit members from less populous states like West Virginia and Nevada?

Answer: Program directors, Deputy Chairpersons, the Chairperson and Members of the National Council on the Arts are continuously involved in a search for potential panelists, especially from less populous states. While artistic experience is most important, we make sure that panel is balanced with geographic representation, ethnic representation, and new versus experienced panelists. Artists, folklorists and ethnomusicologists are among the professional competencies sought for on the Folk Arts panel. The Dance Companies panel usually includes ballet, modern, post-modern, jazz-tap and ethnic-dance representation. The Endowment has recruited very distinguished panelists from West Virginia and Nevada, which include Nevadans Bill Fox (writer/editor/poet, Reno); Lamar Marchese (broadcaster, Las Vegas); and the late Monk Montgomery (jazz musician, Las Vegas) and West Virginians James Andrews (musician, and Executive Director of the Arts and Humanities Division of the West Virginia Department of Culture and History, Charleston); Ewel Cornett (theater director, Red House); Maryat Lee (writer, Hinton), and Kay Goodwin (arts education consultant and former Chairman of the West Virginia Arts and Humanities Commission, Ripley). Also, in 1987 Ms. Goodwin served as a member of the Advisory Committee of the Arts in Education Study, a report mandated by and submitted to Congress in March, 1988.

Question: To what extent are critical comments of peer reviews followed up?

Answer: Applicants frequently ask for feedback from the Endowment, which the staff is happy to provide. By telephone, mail, and in person, applicants are given summaries of panel comments or evaluations of on-site visits. When relevant, and, in cases in which applicants seek Endowment guidance for the next round of applications, guidance is freely available (within the limits of staff time). In addition, assistance to applicants is provided by the Endowment's regional representatives and by Endowment staff as they travel to various parts of the country, attend national conferences of the various arts communities, conduct workshops, etcetera.

State of the Arts Report

Questions: Are the findings and recommendations of the state of the arts report reflected in your budget priorities?

Answer: The first report on the state of the arts is due October 1988; therefore, the FY 89 budget does not reflect findings nor recommendations from this effort. The Endowment does, however, undergo an annual planning process to review its priorities and test them against the perceptions of experts. This information is compiled in our FY 1989-1993 planning document. Our FY 89 budget incorporates many of the priorities contained in this planning document.

Opera-Musical Theater

In reviewing your budget request, it appears that the Endowment is requesting an increase in Opera-Musical Theater.

Question: Given a basically level budget, do you consider this a higher priority than other programs?

Answer: The increase in the Opera-Musical Theater Program's budget is the Endowment's response to the recent and dramatic growth in the opera and musical theater fields. This growth has generated increases in the number and quality of performances as well as the number of new organizations eligible for program support.

Question: What does the Endowment intend to accomplish with these increased funds?

Answer: The Endowment intends to use the additional funds in the Professional Companies category.

Growth and development in the field of opera and musical theater is significant. Opera companies are growing and becoming more numerous. Two major new opera companies are completing their second seasons on the west coast.

In addition, the recently formed service organization of musical theater companies, the National Alliance of Musical Theater Producers, has encouraged its member companies to apply to the Endowment for support. These not-for-profit companies, eligible for funding through the Opera-Musical Theater Program, have not previously been supported by the Endowment. Our panels have found their

artistic quality good and have recommended support for several of these newer applicants. The Endowment anticipates that more such companies are likely to apply in FY 89. In addition, those companies, which have already received first time grants at the entry level for support ($5,000), will likely be recommended for increases in FY 89. Again, without additional funding, the Program would have to fund companies such as these by reducing monies going to existing grantees. Our proposed budget spreads this problem across a number of programs.

Local Programs

FY 88 marked the first year that Local Programs was made a permanent program of the Endowment. In your FY 89 budget request, an increase in funding for Local Programs is proposed.

Question: How would these increased funds be spent?

Answer: Local Programs continues to play an important leadership role in sustaining the tremendous growth made by local arts agencies over the last decade. Increased funds will be used to continue Endowment support for the multi-year matching grants to state and local arts agencies through the Local Government Incentive category and the Local Arts Agency Development category.

The Local Government Incentive Category provides a powerful mechanism for leveraging substantial amounts of new money for the arts at the local level. Local public and private arts agencies receiving grants in this cateogry must match Federal dollars two-to-one. Reports from the field indicate that every Federal dollar granted through this category has generated more than a five-to-one match -- almost twice the required match. This means that each $150,000 Endowment grant has the potential for generating an additional $750,000. In FY 89, we anticipate awarding 11 grants out of 30 applications, as compared to 10 grants out of 25 applications in FY 88.

The Local Arts Agency Development Category was established in FY 88 to respond to the leadership, planning and administrative needs in the local arts agency field. Because most local arts agencies are at a crucial stage of development, improved leadership remains a priority. Support under this category addresses the need for a range of educational and training institutes, planning management

seminars, and publications and manuals that can provide local agencies with the expertise and skills necessary to move to the next level of development. Most of the applicants (colleges, universities, state, regional and local arts agencies) in this category are service and technical assistance experts who are developing exemplary projects which can become models for regional and national programs. In FY 89, we anticipate awarding 20 grants (ranging in size from $15,000 to $50,000 each) out of 50 applications aggregating $500,000 vs. 17 grants out of 44 applications aggregating $400,000 in FY 88.

Personnel Cost Increases

The budget justifications, on page 120, forecast personnel cost increases in five areas.

Question: What is the total increase and how much is attributable to each item?

Answer: 1) An additional three months of the FY 88 pay raise will cost $44,000.

2) Nine months of the 2% pay raise scheduled for FY 89 will cost $151,000.

3) Within grade increases, merit pay increases and promotions will cost $133,000.

4) The FY 89 increment of the FERS benefits will cost $86,000: and,

5) Salaries and benefits for four additional FTE (at an average cost of a GS-9 under the FERS benefit plan) will cost $116,000.

Question: What will be your cost in 1988 of the Federal Employee Retirement System (FERS) and how does that compare with the 1988 appropriation?

Answer: For FY 88, the Endowment estimates that the FERS portion of Employee Benefits will cost $942,000. Our original estimate for the FERS cost was $1,342,000; this estimate was revised and reduced by $105,000 during the FY 88 appropriation process. The current FERS cost estimate is $295,000 lower than the revised estimate. Employee Benefits for both FERS and Civil Service Retirement System (CSRS) employees are currently estimated at $1,306,000 for FY 88.

The savings resulting from the revised FERS estimates have been used to offset the unbudgeted cost of the FY 88 pay raise and the FY 87 clerical pay adjustment. Also, the current estimate for Personnel Compensation in FY 88 is $10,278,000 as compared with the initial estimate of $10,233,000 (a net increase of $45,000) as shown in the FY 88 Budget Justification (this includes the higher FERS estimate).

Question: How many positions does this represent?

Answer: This represents four additional positions.

Question: Are these to be new permanent personnel? Please describe the duties that these additional personnel would perform.

Answer: Three of the four positions are to be filled by permanent personnel. The forth, a clerical position, will likely be filled by a temporary employee.

If approved, four additional FTE would enable us to fill the following positions: Grants Office -- The person selected to fill this vacancy would assist in processing final reports, help ensure completeness of official grant folders and respond to increased grantee final report-related questions. Office of Policy, Planning and Research -- we would establish a position in this office for an individual to assist with the recurring preparation of a Congressionally-mandated "State of the Arts" report. Museum Program -- we have added two new categories in this program, and as a result anticipate a need for one additional staff year of effort for assistance in processing additional applications. Also, we will use one FTE to permit us to hire sufficient "Program Assistants" available to be assigned to programs to assist during times of peak workload. The duties of these Program Assistants, who are generally temporary employees, include clerical assistance (e. g., answering telephone and mail inquiries) as well as entering data into the Endowment's Grants Management System.

Stay-in-School Program

The budget includes $77,000 for the Stay-in-School Program, an increase of $13,000 over FY 88.

Question: Would you describe this program for the Subcommittee? How many students will participate in 1988 and 1989?

Answer: The Stay-in-School Program began as the Youth Opportunity Back-to-School Drive initiated by President Johnson on August 21, 1965. In 1966, it was renamed the Stay-in-School Program. The purpose of the program is to provide part-time jobs to disadvantaged youth so they can resume or continue their education without interruption caused by financial pressures. Students must meet strict economic needs criteria in order to qualify for these excepted-service appointments. The program limits the number of hours a student can work during the academic year. The program is designed to benefit students who are in high school or who are continuing their education immediately after high school. Our FY '88 budget will fund approximately eight positions. Our FY '89 budget request would, if approved, fund about nine positions.

Staff Travel

Your request for staff travel is $328,000. An increase of $103,000 or almost 50 percent over 1988.

Question: Would you describe the benefits that will accrue from this additional staff travel?

Answer: Our FY 89 travel request includes additional funds for staff travel to enable the Endowment to meet the cost of the increased per diem rates prescribed by the General Services Administration and to enhance outreach, especially to non-urban areas.

In our FY 88 Budget request we requested an increase in staff travel of $55,000 over the FY 87 base. This increase was sought to pay the cost of the 13% increase in the GSA per diem rates for FY 88 and was needed to maintain the same level of travel in FY 88 which the Endowment budgeted for in FY 87. In addition, subsequent to submitting our FY 88 Budget Request, GSA approved a 5% per diem rate increase for non-urban areas.

The FY 88 Appropriation Conference Report language encourages the Endowment to reach out to small and rural states to assure that arts organizations in those states have access to its programs. The cost of travel to non-urban areas in rural states is generally higher than the cost to reach urban areas. For example,

airfare to Los Angeles, California can be as low as $198 (with special promotions, etc.) whereas the airfare to Flagstaff, Arizona is $450. When travelling to small and rural areas it is often necessary to take smaller, less frequently scheduled airlines or to drive to rural areas, which is more costly.

Out-of-town travel by Endowment staff is very important as it enables staff to meet with individual artists, arts organizations and state and local arts agencies representatives. It also allows staff to attend meetings, conferences and seminars as well as attend performances or view exhibitions and performances of grantees. This contact with the field facilitates dissemination of information about the Endowment and its Programs (including how to apply for grants), as well as provides valuable information to the Endowment concerning the needs of the field.

Question: What has been the effect of the reduced travel allowance provided by the Committee in 1988?

Answer: The $55,000 reduction in staff travel in FY 88 was equal to the amount needed to meet cost increases resulting from the 13% per diem rate increase approved by GSA during the later part of FY 86. These increased funds were necessary to maintain the same level of travel the Endowment budgeted for in FY 87. Therefore, as a result of this reduction, the Endowment was forced to reduce the amount of funds allocated to each program for travel in FY 88. This reduced travel allowance translates into a reduction of between 90 and 100 trips.

This reduction comes at a time when the FY 88 Appropriations Conference Report contains language which encourages the Endowment to reach out to small and rural states to assure that arts organizations in those states have access to its programs. As stated in the response to the previous question, the cost of travel to non-urban and/or rural areas generally exceeds the cost of travel to metropolitan areas.

There are numerous conferences, meetings, and events in metropolitan areas which require attendance by Endowment representatives. In an effort to maintain an appropriate balance between urban and non-urban travel to achieve savings, staff are encouraged to incorporate trips to outlying areas whenever possible.

The amount of funds allocated for staff travel in FY 88 is well below historical levels. The Endowment's staff travel budget has been reduced from a high in FY 1980 of $421,778 to its present level of $225,000 in FY 1988 ($186,750 in real dollars). Travel had been severely constrained in FY 1986 in order to meet the G-R-H target which resulted in a 37% reduction in staff travel. In addition, in recent years, travel costs have increased significantly making travel more expensive. The current level of travel funds does not permit the Endowment to restore travel to anything like historical levels.

Question: Has the Endowment used any procedures to circumvent the Committee's reduction? If so, what?

Answer: No.

Benefits to Former Personnel

Actual benefits to former personnel were $4,000 in FY 87, but are estimated to be $40,000 in FY 89.

Question: Why have these costs escalated so quickly?

Answer: Benefits to Former Personnel are an uncontrollable expense. They include Severance Pay, Unemployment Compensation and Workman's Compensation payments to employees and State governments. Payments for these various expenses vary depending on the number and types of claims made. Since our liability for such claims are not known until shortly before the start of the fiscal year, we make estimates. Our prior budget requests have consistently requested $40,000 for this line item. We believe this is an appropriate amount based on past experience. Listed below is a breakout of the actual costs for the past five years:

FY 83	$29,665	
FY 84	$69,934	(Severance Pay)
FY 85	$36,264	(Severance Pay)
FY 86	$15,932	(Severance Pay)
	$ 5,163	(Unemployment Benefits)
	$21,095	Total
FY 87	$ 3,829	(Unemployment Benefits)

Our original FY 88 budget request included $40,000 for this activity but was reduced to $30,000 as a means of absorbing the FY 88 pay raise.

Senior Executive Service (SES Employees)

Question: How many Endowment employees are in the Senior Executive Level Service (SES)?

Answer: The Endowment has four employees in SES positions: the Director of Policy, Planning, and Research (ES-3); the Deputy Chairman for Programs (ES-5); the Associate Deputy Chairman for Programs (ES-4); and the Deputy Chairman for Management (ES-3).

Question: For Fiscal Years 1985, 1986, 1987, how many SES employees received bonuses?

Answer: The Endowment has only two career reserved SES positions eligible to receive SES bonuses. The Endowment has not provided SES bonuses to its eligible SES employees. Therefore, no pool of funds exists for such bonuses. However, in FY 87, $4,000 was paid to two SES employees as cash awards ($2,000 each), for special acts and service during the year.

Question: What was the total of those bonuses each year?

Answer: Not applicable.

Question: What is the percentage of SES bonsuses to total SES salaries for each of these fiscal years?

Answer: Not applicable.

State Funding

Question: In 1987, did all funding identified as going to states actually go to the states or was some percentage diverted elsewhere?

Answer: The funds specifically identified as "formula funds" for State Arts Agencies (SAA's) are granted to individual SAA's or to regional organizations which are consortia of SAA's. In FY 87 we awarded $21,018,000 to 56 SAA's and $3,132,000 to seven regional consortia of SAA's. These grants represented the total amount specifically identified by the formula. None of these funds were used for other purposes.

It should be noted that in FY 87 State Programs also awarded: four grants totaling $141,800 under its Special Projects Category, these grants primarily supported arts activities in rural communities, and two grants totaling $300,000 under the State Support Services Category to the National Assembly of State Arts Agencies, a nonprofit organization serving the State and Regional Arts Agencies. Funds in these two categories are not part of the basic formula funding.

Additional Personnel Costs

Question: How much are you requesting for within grade increases, merit pay increases and promotions?

Answer: The National Endowment for the Arts is requesting $133,000 in FY '89 for within-grade increases, merit pay increases and promotions.

Question: Why should the Subcommittee grant this increase? There do not appear to be any promotions between 1988 and 1989 in your detail or permanent positions schedule. Further, when an employee who is near the top of their grade leaves the Endowment and is replaced by an employee in the first step of the same grade, can we expect to see a decrease in the budget?

Answer: $13,000 of the $133,000 has been requested for promotions; most of the balance is for mandatory within-grade increases. The Detail of Permanent Positions Schedule normally does not reflect anticipated promotions unless the total number of positions in a certain grade level changes as a result of reclassifications or other factors.

The National Endowment for the Arts has a turnover rate of approximately 25% per year. Employees leaving the agency are seldom at the top step (step 10) of their grade. When an employee who is "near the top of their grade" leaves the agency, they are frequently not replaced by an employee in the first step of the same grade. For example, if a GS-11, step seven (current salary: $33,260) is selected for a GS-12 position (either from within the Endowment or from another Federal agency) he or she must receive a GS-12 salary which is equivalent to (but not below) the current (GS-11) salary plus two steps. In this example the GS-11 step seven would be hired at a GS-12 salary of $35,432, equivalent to a GS-12 step three. Furthermore, in order to be competitive in attracting and hiring candidates for Program Director and Assistant Program Director positions, we must be able at least to match a selectee's current salary. This is frequently impossible at the lower steps of the appropriate grade.

Contracting Activities

Activities funded under "Other Services" (p. 126) increase from $2.6 million in FY 88 to $3.1 million in FY 89. The three largest increases are in panelist contracts (+$95,000), IPA contracts (+$101,000), and administrative contracts (+$195,000).

Question: What would be the effect on your programs if no increase was provided for these three items above the 1988 level?

Answer: Panelist Contracts: The panel process is one of the most critical elements in the grant application review and funding recommendation process. Our panels are comprised of individuals who are highly qualified experts in their respective disciplines. The Endowment makes a concerted effort to invite panelists from across the United States to achieve a diverse geographical representation. Our panelists are dedicated and often work long hours, meeting five and six days at a time. We take pride in the integrity of our panel system and feel that it meets the concern expressed by Congress that we maintain a high degree of expertise and broad diversity among our panels.

If we do not receive the requested increase for panelist contracts, the Endowment will be forced to reduce the number of panelists and/or limit the duration of certain panel meetings. In addition, we would be unable to reimburse panelists at the full GSA per diem rates, creating an additional burden of expense for individuals who serve as panelists. In FY 87, the Endowment was unable to increase panelist per diem allowances due to budgetary constraints. Due to budgetary limits in FY 88, the Endowment will only be able to pay panelists approximately 80 percent of the allowable per diem rate. In our FY 89 budget request, we have budgeted to pay the full per diem rate.

Compensation for our panelists is presently $75 per day, this is the same rate paid since the 1960's. We are concerned that an increasing number of panelists will not be able to serve if their expenses are not reasonably covered. Further, a reduction in the number of panelists could reduce the diversity of representation on the panels; this could affect geographical representation since the cost of a panelist traveling to Washington from remote areas is significantly higher. This could lead to a situation where the Endowment is unable to maintain balanced representation and high quality review by our panels.

Another factor contributing to our request for additional funds for panelist contracts is that, due to an increased application load in some instances, we have found it necessary to extend the length of certain panel meetings. In addition, the reintroduction of the

Advancement Program will require additional panels, as will the Challenge Program, when in FY 89 both Challenge II and Challenge III panels will be meeting to review applications.

Intergovernmental Personnel Act (IPA) Contracts: The Intergovernmental Personnel Act (IPA) was established by Congress to enable government agencies to attract and employ individuals who come to us principally from state agencies and universities. The IPA agreement is usually established in conjunction with the employer so that the employee may continue to receive his/her existing benefits during employment with the Endowment. The individual can then return to his/her institution or agency without interruption of benefits. This enables the Endowment to employ some of the finest experts in the arts community who might not otherwise be able to give up their current position permanently, but are receptive to a temporary assignment. After serving at the Endowment, these individuals return to the field with a broadened perspective on arts administration. IPA's are primarily used to fill Program Director and Assistant Program Director positions. All of the Endowment's current IPA's work in program areas.

The amount we have requested for IPA's in FY 89 is consistent with the Endowment's historical funding levels for IPA's. For FY 89, we have requested funds for ten IPA's, consistent with levels in FY 84 and 85. During FY 86, the IPA budget was drastically reduced to meet G-R-H reductions. Because of the length of time required to recruit IPA's, FY 87 reflects a lower than normal IPA expenditure. In FY 88, we plan to support eight IPA's. If the funds requested for FY 89 are not provided, we would not be able to fill two IPA slots which are allocated for program areas.

Administrative Contracts: The Endowment uses administrative contracts for a variety of contractual services which are best performed by outside contractors. We use administrative contracts to meet the intent of OMB Circular A-76 and the Economy Act, which encourages the use of outside contractors. For example, we contract for duplicating and photocopying services. Additionally, we have requested ~~funds for~~ continued development and implementation of a comprehensive Financial Management System which will meet the requirements of OMB Circular A-127. Administrative Contracts are also used to

support the President's Committee on the Arts and Humanities.

If we do not receive the funds requested for administrative contracts, the greatest impact would be upon development of our Financial Management System. During FY 86, the Endowment proposed a one-time reduction in FTE in order to channel funds into ADP development; however, with the Gramm-Rudman-Hollings reductions we were not able to achieve that goal. In FY 87 and FY 88, we will achieve only nominal progress in development of the ADP system due to overall funding constraints. Therefore, we propose to make a major commitment to ADP development in FY 89. The FY 89 development plan includes systems for the following items: Property/Supply Management, Small Purchase Tracking, Cash Management Reporting, Contract Tracking, Late Payment Report, Payroll and the Budget Execution Status.

CONTRACTING ACTIVITIES

Question: For Administrative Contracts, please provide a listing of all contracts, including a brief description and dollar amount, for fiscal years 1987, 1988, and 1989.

Answer:

ADMINISTRATIVE CONTRACTS
(Dollars in Thousands)

	FY 1987	FY 1988	FY 1989
MEDAL OF ARTS	$ 13	$ 15	$ 17
For production and casting of the National Medals of Art			
ADP DEVELOPMENT	$ 92	$ 90	$258
Development of the Endowment's ADP systems including an integrated Financial Management System and enhancements to the Grants Management System			
EVALUATION TECHNOLOGIES, INC	$217	$191	$214
All photocopy reproduction services including lease of all machinery and trained operators			

PRESIDENT'S COMMITTEE ON THE ARTS AND THE HUMANITIES	$ 65	$ 48	$ 50
TOTAL	$387	$344	$539

President's Committee on the Arts and Humanities

Question: How much does the Endowment spend in support of the President's Committee on the Arts and Humanities? Do you know what percentage that is of the total? What was the Endowment's contribution in Fiscal Years 1986, 1987, and 1988?

Answer: The President's Committee on the Arts and the Humanities (PCAH) is supported through the Arts Endowment's budget. The Humanities Endowment reimburses us for fifty percent of the PCAH's expenses. For FY 88, we have estimated expenses of $240,000 in appropriated funds. During FY 86, total federal support for PCAH was $194,018, in FY 87, $228,000. The Arts Endowment's share of PCAH expenses for FY 86, FY 87 and FY 88 are $97,009; $114,000 and $120,000, respectively.

The PCAH also receives small donations of private funds to finance operating expenses. In FY 86, the PCAH received approximately $5,300; in FY 87 they received $62.

Employee Travel Paid for By Outside Organizations

Question: Does the Endowment allow non-profit or for-profit organizations to pay for any trips made by its employees? If so, please provide for Fiscal Years 1985, 1986, and 1987, a listing of those trips which includes the cost, the destination, the purpose of the trip and the organization paying for the travel.

Answer: In limited instances, and with the prior approval of the Endowment's Office of General Counsel (see our response to the next question), we will allow non-profit organizations which are not applicants to, or grantees of, the Endowment; or for-profit organizations to reimburse the Endowment for official trips made by Endowment employees. A listing of those trips for Fiscal Years 1985, 1986 and 1987 is attached:

NATIONAL ENDOWMENT FOR THE ARTS
REIMBURSED TRAVEL EXPENSES
BY PROFIT AND NON-PROFIT ORGANIZATIONS
FISCAL YEAR 1987

DONOR ORGANIZATION	DESTINATION	PURPOSE OF TRAVEL	COST DONATED	NEA EMPLOYEE/PROGRAM
Association Futuribles International	Avignon, France	Cultural Economics Conference	$1,673.00	Frank Hodsoll CHAIRMAN
Community Funds, Inc.	New York, NY	Grant Makers Conference "Public Access to the Arts in America"	$ 101.75	Hugh Southern DEPUTY CHAIRMAN
Greater Portland Landmarks (sponsor: Marine Nat'l Bank)	Portland, ME	Speaking Engagement	$ 342.00	Adele Chatfield-Taylor DESIGN ARTS
University of Miami Architecture Alumni Association	Coral Gables, FL	To speak at the annual reunion of the Association	$ 295.00	Adele Chatfield-Taylor DESIGN ARTS
Johnson Foundation	Chicago, IL to Racine, WI	To speak on "New Perspectives in Jazz"	$ 48.50	Harold Horowitz RESEARCH
[illegible]berty Fund, Inc.	Chicago, IL	Peforming Arts Colloquium	$ 189.50	Harold Horowitz RESEARCH
[illegible]ends of Music	Los Angeles, CA	Cal State University at Northridge's "Symposium on Black American Women in Music"	$ 278.00	Antoinette Handy MUSIC
Black Music Educators [illegible]win Cities	Minneapolis, MN	"Jazz: An American Metaphor" Conference Speaker	$ 238.00	Antoinette Handy MUSIC
Black Music Educators Twin Cities	Minneapolis, MN	Arts Leadership Conference	$ 539.00	A.B. Spellman EXPANSION ARTS
Literary Managers & Dramaturgs of America	New York, NY	Conference Speaker	$ 384.00	Robert Marx THEATER
		TOTAL FY 1987	$4,088.75	

FISCAL YEAR 1986

DONOR ORGANIZATION	DESTINATION	PURPOSE OF TRAVEL	COST DONATED	NEA EMPLOYEE/PROGRAM
Wilmington Women in Business	Wilmington, DE	To address a dinner meeting	$ 60.00	Hugh Southern DEPUTY CHAIRMAN
Johnson Foundation	Racine, WI	Wingspread Conference on Artists' Colonies	"in kind"	Hugh Southern DEPUTY CHAIRMAN
Martha MacDonell	Columbus, OH	Ohio Arts Council's Outreach Initiative Program Committee Mtg.	$ 329.00	Paula Terry SPECIAL CONSTITUENCIES
The Rockefeller Foundation	New York, NY	Meeting	$ 110.00	Joe Prince ARTS IN EDUCATION
Marie Welsh Sharpe Art Foundation	Colorado Springs CO	To confer with Sharpe Foundation	$ 318.00	Joe Prince ARTS IN EDUCATION
Bruce L. Smith	Toledo, OH	Ohio Arts Council's Annual Meeting & Conference Speaker	$ 438.00	Adele Chatfield-Taylor DESIGN ARTS
JMA Architects & Engineers	Las Vegas, NV	To speak at the AIA Western Mountain Region Conference — "Archit. Behind the Fantasy"	$ 350.00	Charles Zuker DESIGN ARTS
JMA Architects & Engineers	Las Vegas, NV	To speak at the AIA Western Mountain Region Conference — "Archit. Behind the Fantasy"	$ 350.00	Richard Andrews DESIGN ARTS
Lazarus	Columbus, OH	To attend a program celebrating Columbus' participation in the Community Foundation Initiative	$ 429.00	A.B. Spellman EXPANSION ARTS
PSEG	Newark, NY	Visit Newark 1-9-86	$ 220.00	A.B. Spellman EXPANSION ARTS

FISCAL YEAR 1986

DONOR ORGANIZATION	DESTINATION	PURPOSE OF TRAVEL	COST DONATED	NEA EMPLOYEE/PROGRAM
Colorado Endowment for the Humanities	Denver, CO	"Jazz: An American Idiom"	$ 750.00	A.B. Spellman EXPANSION ARTS
Avon Products, Inc.	New York, NY	Assoc. of Hispanic Arts Planning Meeting at Hunter College	$ 138.85	Daniel Sheedy FOLK ARTS
Coca-Cola Bottling Company of San Antonio	San Antonio, Austin, & Houston, TX	To speak at the Festival Presenters Conference & visit grantees	$ 300.00	Joel Snyder INTER-ARTS
Indiana Endowment for the Arts, Inc.	Vencennes, IN	To speak at the Indiana Presenters Network meeting. Site visits — Purdue U/Ball St.	$ 400.00	Renee Levine INTER-ARTS
John D. and Catherine T. MacArthur Foundation	New York, NY	Foundation meeting	$ 157.25	Donald Druker MEDIA ARTS
The Council of State Governments	Atlanta, GA	To attend Southern Arts Exchange	$ 278.00	Antoinette Handy MUSIC
Austin Chamber of Commerce	Austin, TX	To speak to the Texas public art officials and conduct an artists' meeting	$ 408.00	Richard Andrews VISUAL ARTS
Indiana Endowment for the Arts	Lafayette, IN	Present information on NEA Visual Arts Programs & to visit artists & arts organiz. around the state	$ 475.00	Richard Andrews VISUAL ARTS
Anonymous donor thru the Arizona Commission on the Arts	Scottsdale, AZ Col. Springs, CO	To attend meetings	$ 200.00	Richard Andrews VISUAL ARTS

FISCAL YEAR 1986

DONOR ORGANIZATION	DESTINATION	PURPOSE OF TRAVEL	COST DONATED	NEA EMPLOYEE/PROGRAM
Marie Walsh Sharpe Art Foundation	Colorado Springs CO	Planning session of Maria Walsh Sharpe Art Foundation	$ 200.00	Richard Andrews VISUAL ARTS
Scottsdale Center for the Arts	Phoenix & Scottsdale, AZ	To speak on "Art in Public Places"	$ 200.00	Richard Andrews VISUAL ARTS
Central City Association of L.A.	Los Angeles, CA	To speak at the American Planning Association National Conference	$ 100.00	Richard Andrews VISUAL ARTS
Aviva Covitz	Los Angeles, CA	To speak at the American Planning Association National Conference	$ 300.00	Richard Andrews VISUAL ARTS
David B. Lacks, W.L.H. Griffin	St. Louis, MO	To speak at the St. Louis Museum of Arts and visit Visual Artists Organization	$ 108.00 $ 200.00	Richard Andrews VISUAL ARTS
Artweek, Inc.	Oakland, CA	Participate in "Art/Culture/Future: American Craft" 86 Conference	$ 576.00	Richard Andrews VISUAL ARTS
		TOTAL FY 1986	$7,395.10	

FISCAL YEAR 1985

DONOR ORGANIZATION	DESTINATION	PURPOSE OF TRAVEL	COST DONATED	NEA EMPLOYEE/PROGRAM
Thomas Burnham	Detroit, MI	Workshop in Non-Profit Organizations	$ 210.50	Jan Naylor DEVELOPMENT OFFICER
		TOTAL FY 1985	$ 210.50	
		TOTAL FY 1987, 1986, 1985	$11,694.35	

Question: Do you have procedures in place to assure that no conflict of interest arises from this practice? Please discuss.

Answer: The Arts Endowment does have a procedure for reviewing and approving staff travel paid for by non-Federal funds. The Endowment has legislative authority to accept gifts for purposes consistent with its overall mission; such purposes include staff travel on official Endowment business. Procedures regarding this are set forth in a memorandum to the staff and are consistent with federal regulations and guidance from the Office of Government Ethics.

Under this procedure all travel requested with non-Federal funds must be cleared in advance. First, the request must be submitted to the appropriate Deputy Chairman for determination as to whether or not the purpose of the travel is necessary to the Endowment's mission, and whether acceptance of the contribution is necessary in light of fiscal considerations. Then requests are reviewed by the Office of General Counsel for determination of whether or not any actual or apparent conflict of interest may arise. In instances when a non-profit organization is the prospective donor, it must be determined by the Endowment that the organization is not an actual or prospective grantee of the Endowment.

The Endowment also permits its employees to accept travel expenses for unofficial, non-Endowment related purposes, for example, for trips relating to a staff person's special professional expertise, as long as the contributing organization is not an actual or prospective grantee. In these instances, staff are required to clear acceptance with the Office of the General Counsel and to take annual leave; they may not emphasize their government position or use their government title.

Special Projects

Section 309, Title III - General Provisions of the Interior Appropriations bill states:

"Section 309. No assessments may be levied against any program, budget activity, or project funded by this Act unless such assessments and the basis therefor are presented to the Committees on Appropriations and are approved by such committees."

This provision has been carried in the Interior Appropriations bill since FY 1984 and was put in the law to assure that no assessments were made. Prior to FY 1984, a prohibition on assessments had only been included in the Committee reprogramming guidelines and, therefore, did not have the force of law.

Question: As an alternative to making assessments against each of your programs, it might be desirable to establish a new program, perhaps called "Special Projects", which could serve the purpose of providing the Chairman with a discretionary fund source for special, unusual or emergency projects. Please provide for the record a listing of your programs for 1989 at the same level as your budget request, but which includes a "Special Projects" activity.

Answer: It has been the practice of most Arts Endowment Chairpersons to have a mechanism to respond flexibly as funding needs and opportunities arise. During the current Administration, this mechanism has been a reserve created through a modest amount of program funds. The Endowment does not view this mechanism as an "assessment" against programs in that all such funds are used by the Programs for arts programming activities by the end of the fiscal year. All funds made available through the reserve mechanism flow back to established program categories and are used for grants to artists and arts organizations. The Committee should be aware that most Programs have special projects categories to help provide flexible agency responses as funding opportunities become available.

Requests for use of the program reserve funds originate from the various programs as a result of funding pressure, unusual opportunities or emergencies, as well as the budgetary impact of staggered application cycles over the course of the fiscal year (i.e., some categories of support obligate all funds early in the fiscal year because of the timing of the application review cycle). For example, a program may find that a particular grant category has more high quality applications than anticipated; by receiving additional funds from the reserve the program can support a greater number of projects than originally budgeted. In other cases, "targets of opportunity" arise in the fields which could not be anticipated in the Agency's normal budget process. Generally these projects are of exceptional merit but, because of timing or other category commitments, they can only be funded through an increased allocation to the category. In cases of emergency, such as a fire or other disaster, the program reserve has allowed the Endowment to respond to an applicant's request for help even if all funds budgeted for the appropriate grant category had been obligated earlier in the

fiscal year through the normal application review cycle.

Funds flow back into established program categories under the current program reserve mechanism; therefore, we do not believe the establishment of a separate "Special Projects" appropriation would serve the same function as the reserve. Creating a "Special Projects" program could take on a life and meaning of its own, possibly requiring separate guidelines, panels, application cycles, etc, diminishing the important flexibility of the current program reserve mechanism. We believe that it is important to preserve the agency's established programs as the principal conduit for all grant applications and special requests.

QUESTION SUBMITTED BY SENATOR DENNIS DECONCINI

Clifton, Arizona Flood Control Project

The Arizona Commission on the Arts has submitted a grant application for $45,000 under the Visual Arts Program for an artistic treatment of flood control gates and a levee to be built in Clifton, Arizona. The grant funds will be used to retain two artists, one of national recognition and one from Arizona, to work with the Army Corp of Engineers in developing an artistic design of the flood control project.

Question: Are you familiar with this grant application? If so, can you tell me the status and whether or not its prospects for funding look good? When will a final decision be made?

Answer: The Arizona Commission on the Arts submitted an application under the Visual Arts Program's Art in Public Places category. Staff has reviewed the application, and found it to be complete and in compliance with program guidelines. The panel met to consider applications in this category on March 16 - 17, 1988. Their recommendations will be presented to the National Council on the Arts for their approval at the May, 1988 meeting. Final decisions will be reached and applicants notified of final award decisions in June, 1988.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Martha Graham Dance Company

In your justification you state that the major resources in dance are time, resources and space -- time to make dances, resources to produce them, and places and opportunities to work. Financial stability and security

for many dance companies is an elusive goal. Financial compensation for the individual dancer as well as adequate rehearsal and performance space, is a serious problem for many dance companies.

In FY 88, a $4,125,000 item was proposed by the Senate for the Martha Graham Center for Contemporary Dance. Of these funds, $3,000,000 was for expansion and renovation of facilities, $1,000,000 to preserve Miss Graham's work and $125,000 for related planning, development and administration. The House did not include a similar provision and the funds were subsequently dropped in the conference committee.

Prior to the conference, the advisory body to the Endowment adopted a resolution opposing the Grant for the Martha Graham Center for Contemporary Dance. The primary reason for this position was the precedent that would be established with such a grant.

Question: In light of the problems of dance companies, why do you think the proposed grant was not viewed by the dance community as a step in the right direction to solve some of the problems mentioned in your justification?

Answer: The arts community reveres Miss Graham's vision and artistry, but there was widespread concern throughout the arts community that the precedent of direct Congressional funding would be detrimental. It would favor organizations with the most political influence.

The Arts Endowment was established in 1965 to provide a mechanism for federal support of the arts and artists in the United States. Our system of peer review, in which applicants for funding are judged by their professional peers, has been in place since that time. This system has won broad support throughout the arts community and in the Congress. The arts community's concern was solely that enactment of the line-item would constitute a dangerous break with a tradition that has served American arts and artists well since the Endowment was established.

Question: What is being done to solve those problems either inside the Endowment or by the private sector?

Answer: Support from the Arts Endowment, state and local governments and the private sector form a unique public-private partnership which efficiently assists dance companies in facing the challenges before them.

The Endowment's Dance Program provides support designed to further the excellence and creativity of dance as well as strategies designed to make dance available to the widest possible public. The Dance Program makes funds available to accomodate the priorities of dance companies and choreographers and supports initiatives which increase dance programming on television, maintain and enhance touring opportunities, increase performance opportunities, and support the creation and dissemination of new work.

The Dance Program also supports dance service organizations which provide essential technical and administrative assistance to the dance field, a field which has limited resources for its staff and limited rehearsal and performing facilities. In addition, the Dance Program Special Projects category has funded many important special dance initiatives such as the National Performance Network, Dance/Inter-Arts/State Programs Presenting and Touring Initiative (DIS), and the Expansion Arts-Dance Organizational Development Pilot.

The Endowment's Challenge III Program is available to dance companies to encourage the expansion of performance opportunities; commissioning and developing new repertory; additional television programming on dance; and the purchase and renovation of studio space.

Private sector support for dance has focused mainly on artistry, including both home seasons and touring, and support of performances and commissioning of new works.

A major issue in the field has been the securing of space for dance companies and artists to train, rehearse, create, and perform. This issue is being addressed by company boards of directors, administrators and patrons. For example, the San Francisco Ballet now has a "State of the Art" home of its own that stands alongside other major centers of artistic enterprise in that city; the Dance Gallery in Los Angeles, projected to open in 1990, will provide a major year-round facility for dance companies -- the first of its kind in the nation; and the joint venture of the Eliot Feld Ballet and American Ballet Theatre, with the Alvin Ailey Dance Theatre, to secure a prime facility for dance on lower Broadway was aided by the enlightened patronage of an individual donor (the Arts Endowment provided the first public funds to assist in the legal and administrative costs of securing this facility).

Question: What programs does the Endowment have to help a dance company to acquire financial stability?

Answer: The Endowment supports several programs which can assist dance companies in acquiring both fiscal and management stability. Through the Dance Program's Grants to Dance Companies category, general support is provided for projects that best serve companies' artistic and managerial needs both at home and on tour. Although most companies spend these funds directly on artistic resources, some apply for funds to enhance aspects of their administration. Through the General Services to the Field category, a range of management and administrative services to companies are supported. In concert with the Expansion Arts Program, the Dance Program has developed the Organizational Development Pilot, a program designed to strengthen organizational stability for small dance companies. The Advancement Program also offers opportunities for organizational development and stabilization, as does the Challenge II Program. In addition, a number of State Arts agencies, funded in part by the Endowment, offer technical assistance programs and grants for organizational development to dance companies.

Question: Can you describe the support the Endowment has provided to the Martha Graham Company in the past?

Answer: Since the Endowment first began to support American artists in 1966, it has supported the Martha Graham Dance Company. The grants to the Martha Graham Dance Company have consistently been among the largest we give to dance companies. The following is a list of Endowment support to the Company:

FY 1966		
	$142,250	For an eight week national tour.
*	$ 39,100	For Cortege of Eagles, and Dancing Ground.
FY 1968		
	$ 25,000	For A Time of Snow, The Plain of Prayer and The Lady of the House of Sleep.
FY 1970		
	$ 50,000	For the development, preparation, and presentation of touring performances during 1970-71.

FY 1971		
	$ 50,000	For the development, preparation, and presentation of touring performances during 1970-71.
FY 1972		
	$ 40,000	General Programs
FY 1973		
	$ 40,000	General Programs
	$ 10,000	General Programs
	$ 30,000	Regional Development of Resident Professional Companies
FY 1974		
	$ 50,000	Production Grants
FY 1975		
	$ 14,696	General Programs
	$ 40,000	Production Grants
*	$ 17,940	Choreography Fellowships
FY 1977		
	$ 70,880	Production Grants
FY 1978		
	$250,000	Challenge Grant to eliminate deficit and to establish an endowment fund.
	$ 15,000	For rehearsals during the 1978 season.
	$ 70,000	For 3 to 5 revivals and a new work by Martha Graham.
FY 1979		
	$ 75,000	For 3 to 5 new works by Miss Graham.
	$ 20,000	For 4 to 6 weeks of rehearsal time for Miss Graham's second season at the Metropolitan Opera House.
FY 1980		
	$100,000	For two new works and one revival by Martha Graham.
	$ 40,000	For a rehearsal period.
	$ 5,000	For a part time director to organize revivals and reconstructions, and to maintain the works once they enter the repertory.

FY 1981

	$ 30,000	To support a rehearsal period for the company in preparation for its 1980-81 season and Choreographer's Series.
	$ 30,000	To support the salaries of the technical staff and the advertising and promotion costs for the 1981 New York City season of the company.
	$ 15,000	To support the creation of a new work by Martha Graham for the company.

FY 1982

	$ 75,000	For the creation of a new work by artistic director Martha Graham, a major revival of a previously existing work, a paid rehearsal period, and administrative staff positions.

FY 1983

	$103,770	For a three week home season and ten weeks of domestic touring for the Martha Graham Dance Center.
	$ 53,961	For a rehearsal period for repertory maintenance, two revivals and a new work by Martha Graham.
	$ 51,885	For a rehearsal period for repertory maintenance, the revival of old repertoire, and the creation of new works by artistic director Martha Graham for the Martha Graham Dance Company.

FY 1984

	$185,046	For artistic salaries during rehearsals and production support for the company's self-produced season in New York City.
**	$250,000	For an archival film project recording the technique, rehearsals, and performances of three of Ms. Graham's ballets; voice-over commentary by Ms. Graham to existing films of 10 of her ballets; and collections of oral histories, interviews, and photographs from persons who have works with Martha Graham.
**	$500,000	Challenge Grant to establish a cash reserve and an endowment.

FY 1985		
	$210,000	For a rehearsal period and a New York City season.
FY 1986		
	$194,700	To support the creation of one new work by Martha Graham and four revivals during a 12 week rehearsal period, and a three week performance season at City Center Theater in New York.
FY 1987		
**	$125,000	To provide emergency assistance to the Martha Graham Center through support of artistic salaries and fees.
**	$240,000	To support the creation of a new work by Martha Graham, the revivals of Canticle for Innocent Comedians, Punch and the Judy, and Acrobats of God, a New York City season, and ten weeks of domestic touring.

36 grants totalling $3,259,428

* Direct grant to Miss Graham
** Grant currently in progress

Choreographers' Fellowships

Grants in the Choreographers' Fellowship program assist choreographers in the creation of new works, collaboration with other artists, and experimentation with new techniques. In FY 89, you anticipate awarding 80 grants out of 630 applications with $700,000. By comparison, in FY 88 you anticipate awarding 96 grants out of 564 applications with $750,000.

* * * *

Question: Since you are anticipating the number of applications to increase by 10 percent, why are you requesting less funds?

Answer: The Arts Endowment is requesting a slight decrease in the Choreographers Fellowships category for FY 89 ($700,000, compared with $750,000 in FY 88) as part of a small proposed overall decrease for the Dance Program. We feel that we will continue to be able to support the best of the Choreographer's Fellowship applicants at this level. In fact, in FY 88, the fellowship award levels for this category were increased to $7,000, $10,000, and $15,000, enabling the Dance Program to support choreographers at more meaningful levels.

Question: Is there a reason why the number of applications is expected to drop from the FY 87 level of 592 to 560 in FY 88 and then bounce back in FY 89 to 630?

Answer: The Dance Program is not exactly certain what accounted for the decreases in applications from FY 87 to FY 88, though it may be due in part to the change in the application deadline. Over the past year, the staff has redoubled efforts to inform potential applicants about these fellowship opportunities, including several meetings across the country to make artists aware of the program and discuss application procedures. As a result of these efforts, the Endowment has already seen a substantial increase in applications for FY 89.

Design Arts

You are proposing a new subcategory in the Design Arts program called USA Fellowships. These fellowships are intended for mid-career designers and will support independent study and travel within the United States.

Question: Can you explain the origin of this subcategory?

Answer: From 1985 to 1987 the Design Arts Program conducted a study through a contract with the American Institute of Architects to study the current state of mid-career design fellowships for American designers, ones which would enable them to travel through the United States and study design in situo. No such fellowships were found to exist. As a part of this study, we surveyed leading designers to assess whether or not there was a need for such a fellowship: we found that the need was evident and very strong. It seems to arise from an increased interest in regional diversity in design, especially in the design of cities around the United States. We discussed our intent to create a fellowship that would feature travel in our five-year plan, and finally incorporated it as a category in our Guidelines for FY89.

Design Fellowships

In your FY 89 budget submission, you are proposing to double the Design Fellowship program from the FY 88 level of $150,000 to the FY 89 level of $300,000. This appears to be justified since the number of applications is expected to rise from 20 applications in FY 88 to 99 in FY 89. These fellowships are awarded to outstanding individuals who have made substantial lifetime

contributions to the field of design and to organizations which provide design fellowships.

Question: Can you explain this increase in applications?

Answer: Our "design fellowships" effort consists of three subcategories, for each of which we anticipate a different number of applications:

1. Distinguished designers. We anticipate a slight increase from 12 to 15 because as the category becomes better known, more people apply.

2. Organizations Awarding Design Fellowships. We anticipate a slight increase from 8 to 9 because as this category, too, becomes better known, more organizations apply.

3. U.S.A. Fellowships. This is a new category and, based on our research, which indicated the field's interest and support for such a category, we anticipate receiving approximately 75 applications, and plan to make 5 awards.

Question: Are awards to Distinguished Designers made primarily on what a particular designer has done in his career or the potential of a particular project they are currently undertaking?

Answer: Both elements are involved. The guidelines state:

"A limited number of one-time fellowships of $20,000 will be awarded to individuals who have made extraordinary contributions to design over the course of distinguished careers and who show promise for future contributions. These fellowships are intended for professional designers and others who have expanded the boundaries of American design whose continued presence in the design world is invaluable to younger designers. We hope these awards will allow recipients to take time away from daily professional or academic activities and engage in the exploration and synthesis of ideas and new approaches to design. Applicants must be thoroughly experienced in their fields of design and give evidence of outstanding achievements and contributions over a substantial, active career."

The intent of these awards is twofold: to honor designers who have made outstanding

contributions to the field, and to encourage them to take the time to explore, expand, and nurture ideas based on their lifetime of experience, and communicate these ideas to the rest of the field.

In the past several years, the Distinguished Designer Fellowships have been presented to no more than three individuals per year. Recent grantees include the following three people who are considered giants in their field: Edmund Bacon (city planning); Ian McHarg (landscape architecture); and Myron Goldsmith (architectural engineering). Each of these individuals is currently working on a project which will communicate a vital aspect of his life's work to the design field.

Edmund Bacon, who has already authored Design of Cities and several films on the history of buildings, is the key figure in Philadelphia's revitalization. He began to study Philadelphia in 1939 and has monitored and participated in its change ever since. He is in a unique position to observe and analyze the changes in that city as no one else has done.

He describes the purpose for his fellowship as follows: "I have shown that a design idea, organically conceived, richly and sensorily communicated, and wholly believed in, has amazing powers to achieve self realization ... I passionately desire to communicate its essential characteristics to young people before I die so they will see an enlarged vision of an expanded role for themselves."

Ian McHarg has received numerous awards for his life's work in landscape architecture (inlcuding the American Society of Landscape Architects Medal) and, due largely to his influence, ecological planning and human ecology are now an essential element in the landscape architecture field. He has served on presidential task forces, has worked on various projects across the United States, has contributed to plans for a National Parks System in Taiwan, and has worked with the Toronto waterfromt. He has called for a computerized national ecological inventory. Under his design fellowship with the Design Arts Program he is assembling a book of memoirs, a primer

on ecologigal design, and Design with Man (a successor to Design with Nature).

Myron Goldsmith is a professor, writer, and practitioner of architectural engineering. His teaching career has been dedicated to structural principles of architecture, he has produced architectural masterpieces across the United States, and he is highly respected in the field for both his innovation and professional experience. With his Design Arts Program fellowship, he is writing a book about his life's cumulative works and his concepts of the field. The book will be invaluable to teachers, architectural engineers, and design students. Lay persons will also find it a useful tool.

Expansion Arts

An important part of the Expansion Arts Program is the Community Foundation Initiative (CFI). The CFI was developed to improve the access to private funders by expansion arts organizations. This program has been successful by developing partnerships with 21 community foundations in 19 states. The program is restricted to emerging arts organizations, including but not limited to minority artists and organizations in minority communities.

The justification appears to place a particular emphasis on minority organizations and communities for this program.

Question: What is the participation of rural communities, not necessarily minority communities, in this program?

Answer: Of the 21 community foundations participating in the Community Foundation Initative (CFI) three have a rural emphasis. They are the New Hampshire Charitable Fund, Concord, NH; the Central Minnesota Community Foundation, St. Cloud, MN and the Maine Community Foundation, Inc., Ellsworth, ME. Central Minnesota and Maine, are in the middle of their first year of participation so it is too early to report on the success of their efforts. New Hampshire is in its fourth and final year of participation. Through the CFI grant, the foundation has developed a fund in each of its two regional divisions ensuring that the needs of both the southern and northern portions of the state are addressed. Grantees of these two funds have included multi-arts community festivals and presenting organizations which serve primarily rural

areas; a community arts council which serves 11 communities in a rural area; a chamber music group from rural northern New Hampshire, a summer repertory theater located in a rural area and a regional art museum.

Some of the other community foundations, though urban based, include rural areas in their purview. Among these are the Community Foundation of East Tennessee located in Knoxville, the Kalamazoo Foundation of Michigan, the Puerto Rico Community Foundation located in San Juan, and the Trident Community Foundation of Charleston, SC. Two other other foundations with a primarily rural orientation have applied for this program and are being carefully considered.

Question: What restrictions, if any, are placed on rural communities for this program?

Answer: There are no specific restrictions placed on any applicant to the Community Foundation Initative. All applicants are evaluated equally, according to the criteria published in the program guidelines.

The only restriction which exists in the CFI program is that funds must be awarded only to small and mid-sized organizations and individual artists. However, the definition of "small and mid-sized" is negotiable on an individual basis; it is intended to exclude major institutions who already have access to funding sources.

Folk Arts

National Heritage Fellowships are an important part of the Folk Arts Program. Grants are designed to honor and encourage exemplary master folk artists who often go unrecognized in the eyes of their communities as well as the general public.

Applications in this program have varied from 118 in FY 87 to 155 in FY 88 and are expected to drop again to 120 in FY 89. At the same time, awards have increased from 65 in FY 87 to an expected level of 75 in FY 88 and FY 89.

In addition to the successful grant program, the FY 89 budget justification indicates that the program will try to work out more effective ways of extending its audience.

Question: Can you explain how you will attempt to extend the audience?

Answer: We are working with several organizations to expand the National Heritage Fellowship program to larger audiences. The Museum of International Folk Art in Santa Fe, New Mexico has announced that they intend to acquire by purchase one example of work by each of the National Heritage crafts workers for a planned exhibit next year. This exhibit will later tour nationwide. The National Geographic is considering a proposal to feature the Fellowships both in an article in their magazine and by a film which would be a part of their current PBS series. Over the past few years, the award ceremony has been broadcast live and then again on Thanksgiving Day by National Public Radio; we hope to continue this and are working toward improved television coverage in the future.

Literature

The purpose of the Literature Program is two fold: to encourage the creation of literature of the highest quality through support of exceptionally talented individual artists, and to make the work of outstanding contemporary writers available to a broad public. One of the grants awarded under this program is for direct fellowships to individual writers.

Many of the examples you have cited in the justification indicate the program has been successful. Many of the grantees use the award to work on novels that are subsequently published and many win prestigious awards from those publications.

Question: What is the criteria for an award under this program?

Answer: The sole criterion for award is the literary quality of the manuscripts submitted.

Question: Do you focus on successful authors, authors with a great deal of promise or do you focus on their specific work?

Answer: Manuscripts are judged "blind" -- the panelists do not know the identity of the writer. The focus of the panel's discussion is entirely on the work submitted.

Question: What sort of effort is made to have the author, who realizes a great deal of success he or she would not have envisioned without the award to return part of this financial success to the literary world?

Answer: The recipients of Creative Writing Fellowships are under no obligation to return any part of their financial success to the

literary community. Many of the successsful grantees do, however, give freely of their time to be of service to other writers. For example, the Literature Advisory Panel is in large part made up of writers who have benefitted from Fellowships; they undertake the evaluation of hundreds of manuscripts in order to make the opportunity they had available to others.

Museum Purchase Program

The Museum Purchase plan was reinstated in FY 88 with an appropriation of $500,000. An additional amount of $700,000 is requested in FY 89. This program is designed to encourage museums to build and expand their permanent collections through the purchase of works by living American Artists.

Since you have requested an increase in the program since its re-instatement in FY 88, you must feel that it was successful

Question: Can you give me an example why its success merits a 40 percent increase in funding?

Answer: The Museum Purchase Plan was reinstated in FY 88 after a seven year hiatus. In this program, grants are awarded exclusively to purchase works of art by living American artists. Grants must be matched by new money raised specifically for the purpose of acquiring these works. In FY 88, the program received 111 applications requesting $2,215,000. In comparison, in FY 81 we received 74 applications requesting $1,095,000 and 73 applications requesting $1,125,000 in FY 80. The application pool in FY 88 represents a significant increase both in the number of applications (approximately 50% more) and in the total dollar amount requested (approximately 100% more). Of the 111 applications received in FY 88, 53 grants were awarded at amounts substantially less than requested. The panel was impressed at the high quality of the applications received, and found it difficult to make a final selection.

The reinstatement of the Museum Purchase Plan has been enthusiastically received in the museum field. The Museum Progam and its Policy Panel consider it an important category and, given the response to its reinstatement in FY 88, continuation and enhancement of the program seems appropriate.

Theater Programs

The Artistic Advancement Program is designed to assist meritorious artistic projects that are beyond an individual theater's normal financial capabilities. In FY 88, 17 grants were funded from 36 applications with $1,050,000. In FY 89, you anticipate the number of grants will increase to 19 and the number of applications will increase to 45 while funding will remain relatively level at $1.1 million.

In FY 87, 25 grants were funded from 45 applications with $1,535,000.

Question: Is there a particular reason the grant applications dropped in FY 88?

Answer: The projected drop in applications in the Artistic Advancement category in FY 88 is attributable to the fact that the Ongoing Ensembles division is on a two year cycle. Within this category applications were received for the two year cycle of FY 87 and FY 88 in FY 87. New applications will be accepted in FY 89 for the next two year cycle.

Question: Now that interest is back up, is there a particular reason why there wasn't a corresponding increase in funding?

Answer: As indicated in the previous answer, we will not be accepting new applications in Ongoing Ensembles until FY 89. In FY 89, the budget allocation is not projected to increase because five previously funded theaters will have reached the end of a five-year support cycle, freeing up funds for new applicants. Therefore the net financial obligation of the program will remain unchanged.

Arts Education

It is my understanding that today you have submitted the Arts Education study to Congress as required in your last authorization.

Question: Can you elaborate on the findings or recommendations which are contained in that report?

Answer: Some of the important findings of the Report include new information such as:

a. Resources dedicated to arts education appear to be on the rise.

b. The arts appear to have a reasonable share of the school day.

c. Student enrollments in the arts appear to be increasing.

d. Inclusion of the arts in graduation requirements is increasing.

On the other hand, the Report found that there is a gap between the growing commitment to provide arts education in the schools and what is being done in the classroom.

e. While classroom time may be spent on the arts at the elementary level, in many school districts no arts specialists are available. The general classroom teacher must be relied upon to teach the arts and many of these teachers were certified without taking specific courses in the arts.

g. In high school, arts courses are offered but many times they do not give the students a historical perspective on the art form; courses are limited to teaching creation and performance skills without a historical or aesthetic context.

h. Some school districts are reporting shortages in arts specialists, especially in subjects such as dance and drama.

i. While there are fairly good textbook series in K - 8 music, there is very little support material for any of the other arts with the exception of literature.

j. While some schools and districts have good elements in their arts programs, we could find no district that had a comprehensive, sequential K - 12 program.

Key recommendations include:

k. State education agencies in school districts should develop a consensus on what all students should know in the arts before graduating from high school. The arts curricula should include not only the traditional music and visual arts courses, but should also provide education in dance, creative writing, theater, the design arts, and media arts. The media arts are particularly important in an age of electronic communication. Further, TV is the one medium which almost every American uses practically on a daily basis.

l. The report suggests that 15 percent of the school week or year be allotted to the arts (excluding literature) in elementary, middle, and junior high schools to provide for sequential learning in the arts, and that two Carnegie units be required in high school.

m. Student achievement in the arts should be tested and evaluated just like other school subjects.

n. State certifying agencies should strengthen and broaden teacher certification requirements in the arts for all teachers whose responsibilities include the arts.

o. More sustained support for arts education research is needed. Research should be focused on improving classroom instruction.

p. The U.S. Department of Education and the National Endowment for the Arts should work together to include the arts in an expanded National Assessment of Educational Progress.

q. Advocates of arts education must make the case for arts education as being a fundamental <u>educational</u> responsibility.

r. The National Endowment for the Arts should continue and strengthen its arts education efforts over at least the next 10-year period.

<u>Question</u>: What is the Endowment proposing as far as implementation of the recommendations?

<u>Answer</u>: The Endowment is designing a master plan for the Arts in Education program based on recommendations in the Report. For example, the Endowment is currently developing an agenda for, as well as a list of, potential representatives to serve on its Advisory Board; planning a series of regional conferences which will serve as a follow-up; to undertake a major mail distribution of the Report; collaborating with the Rockefeller Foundation to host a seminar on arts education research; developing an agenda to work with directors of state testing/assessment programs; planning a meeting with commercial publishers of test instruments, textbooks and other resources; working with the Department of Education on the research centers in Literature, Elementary School Subjects as well as Arts Education; and working with

various arts groups, arts education associations and education groups to assist them in devising strategies for analyzing and acting on recommendations appropriate to their areas of responsibility.

Question: What is the role of the Department of Education?

Answer: The Department of Education plays a key role in the field of arts education by the leadership it provides through the National Assessment of Educational Progress program (NAEP), in terms of what content areas are tested, what analyses are done and how timely the results are released. The Department is also a strategic agency in the gathering and dissemination of research information through its ERIC system.

The Department has also provided leadership in the curriculum content areas by funding research centers in a number of subject areas but particularly in Elementary School Subjects and, in cooperative funding with the Endowment, research centers in Literature and Arts Education. The development of model curriculum courses, incentives for publishers of quality instructional materials and the inclusion of the arts as a regular part of NAEP would help the Department of Education to increase its leadership role in arts education.

Challenge Grants

Over the past ten years, the Endowment's Challenge I and Challenge II grants have served the goal of advancing the arts over the long term very well. These grants provided major support as a means of strengthening the financial foundations of the nation's best arts institutions.

In FY 88, Challenge III (pg. 112) was initiated and the program began to turn its support toward funding exceptional projects which have the potential to make a lasting impact on excellence in the arts, access to the arts, broader and deeper appreciation of the arts, and increaste nonfederal support for the arts.

Question: Can you elaborate on the changes from the Challenge II program to the Challenge III program?

Answer: The Challenge III Program builds on the demonstrated successs of Challenge I and II in stimulating substantial non-federal resources for long-term needs in the arts. While the prior Challenge rounds focused this

support on strengthening the institutional infrastructure of the various artistic fields, Challenge III calls attention to project concepts which reach beyond institutional survival and stabilization, and make a lasting impact on excellence, access, appreciation, and non-Federal funding of the arts. The technical features of Challenge III grants (including the requirement of a minimum 3:1 match) are largely unchanged from previous Challenge programs.

Challenge III emphasizes new concepts and fundamental changes which can benefit the arts, as well as extend and deepen their benefit to the public over time. The program has been likened to a pool of "venture capital" for the arts. Challenge III projects may extend beyond the mission or the resources of single institutions. In recognition of this fact, Challenge III encourages applications involving collaborations among organizations and agencies of many types and sizes. In addition to arts institutions, the Program welcomes the perspectives and approaches of school districts, colleges and universities, and a wide range of non-profit organizations whose primary roles lie outside the arts.

By reducing the minimum grant award from $100,000 to $50,000, the program also acknowledges that important approaches and innovative solutions may frequently emerge from smaller organizations.

Question: How do you anticipate the funding to change in future years between the Challenge II program and the Challenge III program?

Answer: The Endowment's FY 89 appropriation of Challenge funds will support a final round of Challenge II awards and will provide a portion of the funding needed for the first Challenge III round. All subsequent appropriations for Challenge (FY 90 and beyond) will support Challenge III only.

Staff Travel

In the FY 88 Continuing Resolution, your staff travel was reduced by $55,000. In FY 89, you have requested additional funds for staff travel to travel to more rural areas.

Question: How did the travel reduction in FY 88 change the Endowment's travel plans to rural areas?

Answer: The $53,000 reduction in staff travel in FY 88 forced the Endowment to reduce the amount of funds allocated to each program for travel in FY 88. This reduced travel allowance translates into a reduction of between 90 and 100 trips.

This reduction comes at a time when the FY 88 Appropriations Conference Report directs the Endowment to reach out to small and rural states to assure that arts organizations in those states have access to our programs. Because the cost of travel to non-urban and/or rural areas generally exceeds the cost of travel to metropolitan areas, the Endowment is unable to reach out to these areas as much as we might otherwise.

There are numerous conferences, meetings, and events in metropolitan areas which require attendance by Endowment representatives. In an effort to maintain an appropriate balance between urban and non-urban travel and to achieve savings, staff is encouraged to incorporate trips to outlying areas whenever possible.

The amount of funds allocated for staff travel in FY 88 is well below historical levels. The Endowment's staff travel budget has been reduced from a high in FY 1980 of $421,778 to its present level of $225,000 in FY 1988 ($186,750 in real dollars). Travel had been severely constrained in FY 1986 because of the G-R-H cut which resulted in a 37% reduction in staff travel. In addition, in recent years, travel costs have increased significantly making travel more expensive. The current level of travel funds does not permit the Endowment to restore travel to historical levels.

Compensation of Panelists

You have requested an additional $95,000 in FY 89 to "fully compensate panelists at the allowable per diem rates."

Question: If you are going to fully compensate panelists in FY 89, what was their compensation in FY 88 and prior?

Answer: Compensation for our panelists is presently $75 per day; this is the same compensation paid to Endowment panelists since the 1960's.

Automated Data Processing

Your justification indicates that you have absorbed cost increases by deferring completion of your automated data processing (ADP) system development during FY 88.

Question: Can you identify some of the cost increases that were absorbed?

Answer: In FY '88, the Endowment is absorbing the full annual cost of the special clerical pay raise which began in May, 1987. In addition, we are absorbing the full -- and unplanned -- cost of the FY '88 2% pay increase for Federal employees. In addition, because our FY 88 Administrative appropriation was slightly below our request level, shortfalls have occured in some administrative accounts.

Question: When will you reach your goal of implementing a fully integrated ADP system?

Answer: If we are able to fully fund our current ADP plans for the next three (3) fiscal years, we expect to implement a fully integrated ADP system by the end of FY '91.

Tax Changes

1987 will be the first full year of the new "simplified" tax law which incorporated sweeping changes into the code. One of the changes was the elimination of charitable deductions for taxpayers who do not itemize.

Your FY 89 justification indicates that total cultural giving increased by 14.8 percent in 1986 to an estimated level of $5.83 billion.

Question: What impact, if any, do you forsee from the new tax law on private financing for the arts?

Answer: Three changes contained in the Tax Reform Act of 1986 -- the reduced marginal tax rates, the elimination of non-itemizer charitable deductions, and the alternative minimum tax rate for appreciated property -- have been considered possible disincentives to private financing to the arts. Current statistics on the effect of this Act on private giving to the arts are neither readily available nor conclusive. Therefore it is generally believed that the effects can not be measured accurately until the changes have been in effect for several years.

However, statistics to date show that there has not yet been significant impact on charitable giving to the arts. A recent Gallup Poll,

entitled "Giving USA", based on upper-income individual giving, finds that 80 percent of those surveyed intended to contribute the same amount or more in 1987 than they had contributed in 1986. These findings are based on charitable donors generally, 29 percent of which reported giving to the arts and humanities. Of the arts/humanities donors who contributed in 1986, 77 percent reported that they would give the same or more in 1987, and only 14 percent said they would give less.

Arts Indemnity Fund

The FY 88 Continuing Resolution including a provision which increased the maximum limits of coverage under the Indemnity for exhibitions of Arts and Artifacts from $650 million to $1.2 billion and the limit for single exhibitions was increased from $75 million to $125 million.

Question: How has this change enhanced exhibits?

Answer: In general, exhibitions are enhanced by assembling as many high quality works as possible to demonstrate a particular theme or, for example, to show the very best paintings in an artist's retrospective. Such works may be extremely valuable and may also be inaccessible, requiring great distances for shipment. The commercial insurance premiums to cover costly works of art which must travel internationally can be prohibitive for non-profit museums. Thus, the availability of Federal indemnity, which minimizes insurance costs, helps make it financially possible for important works to be loaned for exhibition.

In the National Gallery of Art's upcoming exhibition "The Art of Paul Gaugin", for example, approximately 400 objects are being borrowed from institutions and private lenders from all over the world. The higher indemnity ceiling for a single exhibition, $125,000,000, enabled the National Gallery and the participating institution, The Art Institute of Chicago, to reduce the insurance bill for this exhibition, so that superb quality, depth and variety in all facets of Gaugin's work can be presented to the American public.

In addition to enhancing single exhibitions, the increased limits have enabled the Federal Council on the Arts and the Humanities to approve indemnity for more exhibitions than would have been possible under the previous limits.

NATIONAL ENDOWMENT FOR THE HUMANITIES

STATEMENT OF LYNNE V. CHENEY, CHAIRPERSON

ACCOMPANIED BY:

JOHN AGRESTO, DEPUTY CHAIRMAN

STEPHEN CHERRINGTON, DIRECTOR, OFFICE OF PLANNING AND BUDGET

PREPARED STATEMENT

Senator REID. The next subject for discussion is the National Endowment for the Humanities. Dr. Lynne V. Cheney is the principal witness.

The fiscal year 1989 budget request for the National Endowment for the Humanities is $140,435,000, the same amount as the fiscal year 1988 appropriation to date.

Dr. Cheney, we welcome you before the subcommittee this afternoon. Your complete opening statement will be included in the record at this point.

If you would introduce your associates and summarize your statement, we would like to ask you some questions.

[The statement follows:]

STATEMENT OF LYNNE V. CHENEY

I am pleased to appear before this Subcommittee once again to speak on behalf of the budget request for the National Endowment for the Humanities. The Endowment requests an appropriation of $140.435 million for FY 1989. This amount is equal to our appropriation for FY 1988 and demonstrates the Administration's continuing commitments to controlling spending and to providing federal support for significant education, research, and public programming in the humanities throughout the nation.

NEH funding is, as it should be, only a fraction of the total annual spending on the humanities nationwide from all sources, but this funding is significant to the cultural and educational life of the nation. We are important to school teachers who want to increase their knowledge of the humanities and to revitalize their teaching. We are important to scholars and institutions who need funding for research projects that add to our understanding of the past. We are important to museums, historical organizations, public libraries, television and radio stations, and state humanities councils that are trying to reach general audiences with mature, thoughtful humanities programming. We are important to individuals, organizations, and institutions that are working to build third-party support for their humanities activities. And we are important to the countless students and out-of-school citizens who, because of contact with NEH projects and programs, are put in touch with the great works, ideas, and events crucial to our cultural heritage.

The Endowment works hard to give Americans of all backgrounds and from all regions of the country the opportunity to participate in our programming. One of our most notable efforts is our Access to Excellence program, which provides information and assistance to individuals and groups that may be unfamiliar with NEH programs and grant opportunities. In the 18 months since we established this program, our staff coordinator has visited 34 states and distributed tens of thousands of copies of NEH guidelines, flyers, and program announcements to targeted groups and regions of the nation. In October 1987, for example, the coordinator visited a number of towns in West Virginia to talk about NEH programming with college and high school teachers and administrators and with museum and public library officials.

We continue to be active in expanding the reach of our programming, knowing it is important that the projects NEH supports benefit citizens in all parts of the country. Films in the humanities produced for television, for example, usually are broadcast nationally as well as on local public stations. And scholarly books and articles on humanities topics that are supported by the Endowment are available in libraries throughout the nation.

Let me give you some examples of significant projects that received funding from NEH in FY 1987 that illustrate the sweep and reach of our programming:

-- Patrick Conner, who teaches in the English department at West Virginia University in Morgantown, received a fellowship of $13,750 from the Endowment to complete his research for a book-length study of a tenth-century English manuscript that scholars generally regard as one of the most important single sources of Old English poetry in existence. Professor Conner's study will provide us with a thorough analysis of this important text, thereby increasing understanding of Old English poetry;

-- The Arizona State Museum in Tucson received received $58,635 through our Humanities Projects in Museums and Historical Organizations program to plan the installation of a permanent exhibition on Native American peoples of the Southwest;

-- Jackson State University, a historically black university in Jackson, Mississippi, used $79,983 in NEH funds to support an institute that will be held this summer for 25 high school students on the intellectual and philosophical origins of the U.S. Constitution. The institute will focus on the development of the Constitution, the activities of the Constitutional Convention, and the constitutional debates concerning the slavery issue.

-- Professor William A. Douglass of the Basque Studies program at the University of Nevada, Reno received $90,395 to support completion of the second volume of a Basque-English/English-Basque dictionary. This is the first dictionary of its kind and is designed to be both a reference tool for scholars and a teaching aid for language teachers;

-- Through the NEH Challenge Grants program, funds totaling $80,000 were released to the High Desert Museum in Bend, Oregon to support the creation of a permanent exhibition on the history of westward expansion in America and to underwrite the cost of a new hall for humanities exhibitions;

-- The Foundation for Public Broadcasting in Mississippi, Inc. used $20,000 from the Endowment in FY 1987 to write a script for a 60-minute television documentary on the works and literary career of Eudora Welty, a major twentieth-century writer whose work is important not only to Mississippians and other southerners but to all Americans;

-- The Endowment made $103,188 available to the University of Arkansas in FY 1987 to conduct a summer institute on "language awareness" for forty elementary school teachers drawn from schools across the mid-South who had had little or no previous foreign language instruction. Included in the institute were training in the basic elements of French and Spanish and an introduction to Francophone and Hispanic culture;

-- Louisiana State University received $201,780 through the Endowment's Office of Preservation to support cataloguing and microfilming of newspapers held in Louisiana libraries, archives, and other repositories. This project will add 2,300 newspaper titles to the national data base and produce 7,200 microfilm reels of the most important titles for scholars;

-- The Endowment provided $131,330 to the Vermont Library Association to support a series of reading and discussion programs in the humanities in all 206 Vermont public libraries; and

-- The Chautauqua Society, Inc. in Bismarck, North Dakota received major funding of over $200,000 to allow five humanities scholars to spend week-long residencies over the next two summers in a number of communities in North and South Dakota, Nebraska, and Kansas. The scholars will dramatize the lives and thoughts of Thomas Jefferson, Alexander Hamilton, Elizabeth Cady Stanton, Abigail Adams, and Henry Adams, and engage audiences in discussions about these important historical figures.

The Endowment will continue to encourage and to support humanities projects of the scope and depth represented by these grants. The text of our budget submission discusses in detail our current program activities and those planned for FY 1989. I would like to call to your attention some of these specific activities.

In the area of humanities education, the Endowment has established a new program that will make its first awards in FY 1989. The NEH/Reader's Digest Teacher-Scholars program will provide grants for elementary and secondary school teachers to spend up to one year pursuing independent study and research in the humanities. Reader's Digest magazine generously provided a major grant of $1.5

million to the Endowment, from a fund established by its founder Dewitt Wallace, to pay one-third of the cost of this new program over the next three years. Assuming qualified applicants, the Teacher-Scholar program will enable one teacher from each state, the District of Columbia, Puerto Rico, and the Virgin Islands to increase their knowledge of important topics in the humanities. This program grew out of a Congressionally-mandated report the Endowment released in 1987 entitled American Memory: A Report on the Humanities in the Nation's Public Schools. One of the report's findings was that students benefit most when their teachers have a mastery of their disciplines and are themselves actively engaged in learning.

The Endowment also will facilitate better teaching and learning in precollegiate institutions through the creation of a center for educational research on the teaching and learning of history in the nation's elementary and secondary schools. In 1988, NEH will enter into a three-year cooperative agreement with an institution or organization to set up a center that will collect and analyze information on the current state of history education in grades K-12, identify effective approaches and curricular materials for teaching history in the schools, and disseminate its findings in ways that are useful for teachers, administrators, policymakers, and parents.

In FY 1988 and FY 1989, the Endowment will again invest a major portion of its funding in projects that advance humanities research and scholarship. Humanities scholars produce the dictionaries, encyclopedias, and authoritative editions of important texts and documents that increase our access to knowledge; these scholars also write the books and articles that help to illuminate the cultural and historical landscape. We also will maintain the special interest we have had in recent years in supporting projects to preserve the intellectual content of books, newspapers, and other materials that are physically deteriorating in the nation's libraries and archives. In addition, the Endowment's Office of Preservation will be making a special effort in FY 1988 and FY 1989 to support small planning grants to state institutions to begin developing state-wide preservation programs, thus helping to bring the endangered holdings of the states more into the national preservation effort.

In FY 1989, our general audience programs will continue several emphases begun in the last two years and will feature a number of fresh efforts designed to add breadth and depth to the public's cultural awareness. In addition to our standing interests in film biographies of major figures in American history and other historical and cultural documentaries, the Humanities Projects in Media program will provide funding to make inexpensive copies of major NEH-supported films available to schools, libraries, and other institutions. This distribution should expand significantly the educational impact of these films. In a similar fashion, the Humanities Projects in Museums and Historical Organizations program will continue to encourage more collaborative projects between museums and schools and colleges that will increase the educational impact of interpretive exhibitions. And the Humanities Projects in Libraries program will endeavor to reach more communities across the nation by encouraging applications from large organizations, such as the American Library Association, that can organize extensive reading and discussion groups, traveling exhibitions, and film presentations. Through efforts such as these the Endowment is trying to increase the geographical distribution and impact of its programming wherever possible.

The Endowment also will support the efforts of the state humanities councils to promote better understanding of our nation's history and culture. The state councils in recent years have been working to develop programs that provide a bridge between scholars and the general public. In FY 1989, the Endowment will increase its efforts to involve the nation's finest scholars in the work of the councils, and it will expand its annual competition for State and Regional Exemplary awards and planning grants--special grants for state council initiatives of exceptional merit.

Finally, in FY 1988 and FY 1989, the Endowment will continue to encourage grantees to supplement federal funds with donations from third-party givers. Through our Challenge Grants program and our Treasury funds mechanism, we are authorized to match such private gifts to our grantees. Our matching awards not only stimulate giving, they also have the added benefits of encouraging projects and institutions to build a wider base of support and interest in their communities and to bring their humanities activities to the attention of general audiences.

I would be happy now to hear the Subcommittee's thoughts about the work of the Endowment or to answer any questions you may have.

INTRODUCTION OF ASSOCIATES

Ms. CHENEY. Thank you, Senator. It is a pleasure to be here today. John Agresto on my left is Deputy Chairman for the National Endowment for the Humanities. On my right is Stephen Cherrington, the Director of the Office of Planning and Budget. I will submit my opening statement for the record.

OPENING REMARKS BY LYNNE CHENEY

As you will note from that opening statement, there were two points that I chose to emphasize, though there were many others I could have talked about. The two points that seemed important to bring out at the beginning of this hearing have first of all to do with the emphasis that we have placed over this past year on education in the humanities. This was partly as a result of a congressionally mandated study that asked us to look at the teaching of history, literature, and foreign languages in our schools, but it was also the result of a real crisis in our schools, one that we thought the Congress was exceedingly wise to ask us to look into.

Not only did we report on the state of humanities education in our schools, we have developed a number of programs to try to deal with these problems in the best way that the Endowment, with its limited resources, can—that is, by establishing models that we hope other people will emulate.

One of these is a program that will give one teacher in every State an opportunity to undertake studies in the humanities; and we think it is particularly noteworthy for two reasons.

First of all, because it gives to one teacher in every State this opportunity, we hope the program will go in some small way toward accomplishing a goal that we think is very important, which is to make sure the Endowment's resources are widely spread across this Nation. We, like you, worry very much about the notion that we should somehow be a national endowment for big cities or for both coasts. We think it is very important that our resources be nationally available.

The second reason this program is noteworthy is that we were able to secure third-party funding for a part of it. We received a grant of $1.5 million from the DeWitt Wallace fund of Reader's Digest to help undertake one-third of the total cost of this program. We think this is important because, as you noted at the outset, we have asked for level funding. We think it is important to increase third-party participation in our humanities efforts, not only because it gives us the opportunity to expand despite level funding, but because it brings other people into action in our schools, other people who are concerned in a very primary way with humanities education.

The second topic that I touched on in my opening remarks had to do with a subject I have mentioned. That is, the very concerted effort on the part of NEH to make sure all States, small as well as large, have access to our grantmaking programs and are aware of our grantmaking programs.

I was myself in Nevada last week, where I tried to talk not only about the humanities and the importance of humanities education in our schools, but to make people aware of the Teacher-Scholar Program, for example.

Sometimes I think those of us who live in the West have some trepidation about applying for Federal funds. We are more hesitant, perhaps, than people who live near Washington are.

I have not only traveled myself to smaller States, I have an access to excellence coordinator who spends a good deal of his time traveling. He has been in 34 different States talking to rural groups, talking to inner-city groups, talking to tribal groups, talking to all sorts of groups who we think would be very well suited for Endowment funding if only they understood that the possibility is there and were given some guidance about the application process.

With that, I will conclude my opening remarks.

Senator REID. Where were you in Nevada?

Ms. CHENEY. I was in Las Vegas for a meeting of the American Association of School Administrators, and at the University of Nevada-Las Vegas where I delivered a lecture and met with a group of humanities people to talk with them about our report on the state of humanities in the Nation.

Senator REID. I have some questions to ask you about that.

Ms. CHENEY. I am trying to talk to faculty members as I travel across the country, as well as to talk to groups that come to Washington who are concerned about this.

NATIONAL ENDOWMENT FOR THE HUMANITIES SUPPORT IN RURAL AND SMALL STATES

Senator REID. The first line of questions that I had has been covered in your opening statement. That related to what you were doing with rural and small States, the same questions that I had asked the previous panel.

Ms. CHENEY. You are welcome to keep asking more. We have some more information here.

Senator REID. I note you specifically mentioned West Virginia and Nevada. Dr. Douglass is doing a Basque studies program in Nevada, and that is an excellent program which I think will bring to the attention of the American public the unique part of history that has taken place with the Basque sheepherders.

Ms. CHENEY. You would be interested, I think, to know we have encouraged every State to come in first for planning money and then implementation money to survey newspapers in the State and to preserve the contents of those newspapers on microfilm. As you I'm sure are aware, beginning in the second half of the 19th century, publishers began to print newspapers on acid-based paper, so they are deteriorating in our libraries. Nevada is one of three States that not only has had an implementation and a planning grant, it has finished its newspaper project.

You have a fine State humanities council in Nevada, and you have been actively applying for various Endowment programs. Our Bicentennial Bookshelf Program last year was a great success in Nevada. Libraries in Las Vegas, Elko, Reno, and Ely were all part of our bicentennial bookshelf initiative.

FUNDING LEVEL

Senator REID. The budget request for fiscal year 1989 is $140,435,000, the same amount as in the previous year. How long has it been since the President's budget included an increase for the National Endowment for the Humanities?

Ms. CHENEY. The last time the executive branch requested an increase for the Endowment over the previous year's appropriation was for the fiscal year 1982 request. President Carter submitted this budget in January 1981, the final month of his administration.

Senator REID. After a number of years in which the administration proposed major cutbacks in the budget for the National Endowment for the Humanities, the budget for fiscal year 1989 proposes level funding. What were the factors that contributed to his change of heart?

Ms. CHENEY. As our submission indicates and as I say in my opening statement, the request for fiscal year 1989 reflects the administration's goals of controlling spending and maintaining a strong Federal commitment in support of significant humanities research, education, and general audience programming throughout the Nation. The administration has always tried to strike this balance in its budget submissions, so there really has not been a change of heart.

We are asking for level funding in fiscal year 1989 because $140,435,000 is our best estimate of the funding that will be needed, and that the Federal Government can reasonably afford, for NEH to continue to support high quality and significant work in the humanities. As you know, level funding also is consistent with the spirit of the budget compromises made by the President and the Congress last December.

Senator REID. I think you have done a good job in your opening statement addressing those questions that we have. I assume that your answers would be similar to the previous panel, where we asked why with level funding programs are being cut, but administrative costs are going up. I assume your answer would be the same as the previous panel; is that right?

Ms. CHENEY. Yes; I think there is one thing that should be noted. Since 1980, our full-time employees have decreased by 14 percent. In fact, this year we asked OMB to lower our personnel ceiling by two full-time employees. We are trying very hard. Our administrative costs do go up because of unavoidable expenses. We are trying very hard to hold them down by making each member of the Endowment staff more productive.

SUMMER SEMINARS FOR SECONDARY SCHOOLTEACHERS

Senator REID. Senator Bumpers and others have expressed interest in your program of summer seminars for secondary schoolteachers. How many seminars are you planning for fiscal year 1989? How does this compare with fiscal year 1987 and fiscal year 1988?

Ms. CHENEY. The funding we are proposing for this program for fiscal year 1989 would support an estimated 60 seminars, the same number as in fiscal year 1988. In fiscal year 1987, we funded 53.

Senator REID. How many teachers have participated in or will participate in these seminars in fiscal year 1987, fiscal year 1988, and fiscal year 1989?

Ms. CHENEY. In both fiscal year 1988 and fiscal year 1989, we expect about 900 teachers to attend our seminars. In fiscal year 1987, 758 teachers participated.

Senator REID. What recruiting steps will you take with regard to this program in order to make it more responsive to the committee's concerns that small States, such as West Virginia, Nevada, and Arkansas, participate in increasing numbers in these programs?

Ms. CHENEY. In addition to undertaking the largest bulk mailings of flyers and advance announcements of summer seminars for schoolteachers in the program's history, we have made special efforts to provide information about the 1988 seminars to States, and to areas within States, that in the past have had the fewest number of teachers participating in the program. With the chairman's permission, I'd like to submit more information about these efforts for the record.

[The information follows:]

Information about our school teachers seminars reaches virtually every school in the Nation. The Endowment sends materials about the program to the heads of departments of English and social studies in every secondary school in the country, as well as to principals of elementary schools, to State humanities councils, and to professional organizations and journals. In addition, we made special requests to two groups, to publicize this summer's set of seminars: the directors of State humanities councils in States where we had no participants in 1987 and to small local organizations for teachers in the targeted areas. We sent special announcements, for example, to the editor of Arkansas Educator, published by the Arkansas Education Association, to the director of the Arkansas Council of Teachers of English, and to local teachers' associations in Little Rock and Pulaski Counties. Special mailings also went to the editor of Teacher Action, published by the Nevada State Education Association; to the editor of Connections, published in Las Vegas, NV; and to the Clark County and Washoe County Teachers' Associations. In West Virginia, announcements were sent to the West Virginia School Journal, published by the West Virginia Education Association, and to the Kanawha Teachers Association in Charleston, WV.

We also have improved our ability to measure the impact of our outreach efforts for seminars. All of our publicity now includes specially coded return addresses so that we can identify the most effective means of reaching targeted audiences. We know, for example, that our letters to State Supervisors for Humanities and Foreign Languages produced inquiries about the 1988 seminars from teachers of these subjects in Nevada and West Virginia.

In the future, we will continue to direct publicity about the program toward potential participants from geographic areas and populations that traditionally have not applied to the program in large numbers. We also will continue to encourage past participants, who are the program's best publicists, to speak about the seminars at local, regional, and national conferences for teachers, particularly in the targeted States.

The Endowment's access to excellence coordinator also has vigorously promoted the summer seminars program, and has established important contacts with organizations, such as the Rural Education Association and the National Alliance of Black School Educators, that include large numbers of the kinds of school teachers we are making a special effort to reach. In addition, this year we included an advance list of 1988 seminars in the access coordinator's fall mailing to school teachers and administrators; the summer seminars for school teachers staff also participated with the access coordinator in a presentation to the National Association of Secondary School Principals.

We have found that teachers are more likely to apply to seminars in their region than to seminars taking place in other areas of the country. Consequently, as part of our outreach, we have made special efforts to encourage faculty in institutions in the South and Midwest to apply to direct seminars. These efforts have been successful. In fiscal year 1987, 10 seminars at midwestern and southwestern institutions and 12 at southern institutions were funded. Thus out of the 53 seminars supported last year, nearly one-half will be in targeted areas.

NUMBER OF TEACHERS PARTICIPATING

Senator REID. As you may or may not know, Senator Simon when he was in the House introduced legislation about math and science teachers, and also people that taught languages; that was the same program.

Do you have an estimate as to how many teachers will take part in these seminars?

Mr. CHERRINGTON. It would be about 900 teachers, 15 teachers per seminar.

Senator REID. This is just a drop in the bucket, an important drop, but it is really small?

Mr. CHERRINGTON. Yes.

Ms. CHENEY. We have a program in the Education Division which is not unsimilar. Humanities institutes, we call them. They tend to stretch out over more time; not only do the teachers participate during the summer, they also have in-service experience. Institutes are longer term projects. But you are right. I would guess that even adding in institutes, we are probably only able to benefit somewhere in the neighborhood of 2,600 teachers a year.

Our Teachers-Scholar Program will increase that some. Still, it is limited, and I suspect it will always be.

However, I am proud to note that our seminars program has served as a model. There are other institutions involved in undertaking similar efforts. Several of the State humanities councils, for example, have funded seminars, and some even achieved State funding to undertake seminar efforts for teachers.

We think this is probably what we do best, which is to set models that we hope other people will find so successful that they would like to undertake their own efforts.

STATE OF THE HUMANITIES REPORT

Senator REID. What are your plans for the first state of the humanities report, which is due this fall?

Ms. CHENEY. We will be having three formal meetings here in Washington with scholars, people from public television, people from museums and libraries, people who are interested in the humanities and all their diverse aspects. They will come to Washington.

As I say, we already had one meeting and there will be two more. We are undertaking some survey research in connection with this effort. And as part of our ongoing data collection process, we will also have statistics that we hope will be illuminating. It is very important to me to travel the country, talking to scholars, museum people, and library people across the Nation. They offer an interesting perspective, and I think a different perspective from the one that is achieved simply by calling people to Washington to talk to them.

Senator REID. Have you set up a national system of data collection as required by the authorizing legislation?

Ms. CHENEY. Yes; we have.

Senator REID. Could you describe it briefly?

Ms. CHENEY. There are a number of statistics, some collected on a regular basis, some collected in previous years and then perhaps updated later. For example, we track Ph.D.'s in the humanities—where they are, what they are doing, how many are employed in university settings, how many are employed in other settings.

Last year we reported on enrollments in the humanities. That is a topic we will probably want to visit again, because it is very important. Our survey figures showed last year that after two decades of precipitous decline, it looks as if the humanities finally bottomed out. Foreign language enrollments were up slightly. Philosophy enrollments were up slightly. History and literature were still declining, however.

We will be collecting data on humanities education through our new history center that will study the teaching of history. It is similar to the centers you spoke to Mr. Hodsoll about that the Arts Endowment is undertaking.

In addition, we have begun working with the Association of American Museums on the development of a major new survey of American museums.

So, those are the kinds of efforts we are undertaking as part of that congressional mandate.

Senator REID. How much do you expect the report to cost?

Ms. CHENEY. I estimate that we will spend about $65,000 on the report. This amount includes the costs of the three advisory groups I am convening as well as the costs of producing and disseminating the report.

SUPPORT FOR LIBRARIES

Senator REID. You have warned that the Nation's cultural memory is endangered. Is that a correct statement?

Ms. CHENEY. Yes.

Senator REID. That being the case, how can we justify a cut in the funds, library funding cuts?

Ms. CHENEY. The cut in libraries program funding was a response to the lower numbers of applications and to the quality of those applications that did not compare favorably with other programs in the division of general programs.

For example, the funding ratio in the libraries program was above 43 percent, which is very high; almost one of every two grants coming in was being funded. We do fund libraries in a number of other programs in the Endowment besides through that program. Through our Challenge Grant Program we fund libraries, through our other regular division programs we fund libraries.

You do see a cut there in the libraries program line. It is a real one in response to the fact that there simply were not the applications and the quality level of applications that we thought were necessary.

Well, you do see a cut there—the figures are $2.1 million for fiscal year 1989 in general programs; but libraries were ultimately the beneficiaries of another $5.9 million in awards in fiscal year 1987 and another $10.8 million in grants awarded to colleges, universities, and other organizations that ultimately involved libraries.

So, what you see line-itemed for libraries in general programs is a small fraction of what NEH does for libraries.

EMERGENCY PROJECTS (CHAIRMAN'S RESERVE)

Senator REID. Does the Humanities Endowment have a chairman's reserve similar to the arts'?

Ms. CHENEY. No, Senator, we do not.

Senator REID. Would you describe for the subcommittee the procedure you follow when an emergency project is submitted?

Ms. CHENEY. The chairman of NEH is legislatively empowered to use up to 10 percent of the agency's definite appropriation to award grants of $30,000 or less, without a recommendation from the National Council on the Humanities. In practice, I do not come close to awarding the full amount permitted under this provision; less than four-tenths of 1 percent of the NEH definite appropriation was awarded in this manner in fiscal year 1987. In fact, the trend in recent years at NEH has been toward making fewer of these awards: In fiscal year 1987 there were 17 such grants totaling $352,244, versus 91 totaling $1,198,574 in fiscal year 1979.

At NEH, grants awarded under the chairman's independent grantmaking authority are called emergency grants. An application for an emergency grant is considered only in unusual circumstances when unavoidable time constraints preclude using the established grant review process. Furthermore, an application for an emergency grant must make a convincing case that a unique opportunity in the humanities may be lost unless special action is taken and is only considered when such extraordinary needs arise between meetings of the National Council. Applications for emergency grants must still meet basic Endowment eligibility criteria.

The review process at NEH is one of the strengths of the agency, so I believe that my authority to make these awards should be used quite sparingly. As is required by law, all emergency grants are reported to the National Council at its next regular meeting.

Senator REID. How many emergency projects do you receive in an average fiscal year? Please provide for the record, for fiscal years 1985, 1986, and 1987, a list of emergency project applications received and those actually funded?

Ms. CHENEY. We received about 30 requests for emergency grants each year.

I would be happy to provide lists of the funded emergency grants for the last 3 fiscal years, but I cannot release detailed information on rejected applicants for the public record. I can say that a total of 47 proposals for emergency grants were turned down in the 3-year period: 13 in fiscal year 1985, 22 in fiscal year 1986, and 12 in fiscal year 1987.

The numbers of emergency grants awarded have been rather steady over the last several years. In fiscal year 1985, there were 13, totaling $253,304; in fiscal year 1986, 17, totaling $334,763; and in fiscal year 1987, there were 17, totaling $352,244. Emergency grant applications for those years were: Fiscal year 1985—26; fiscal year 1986—39; and fiscal year 1987—29.

Senator REID. Please provide the subcommittee with a monthly report on these projects.

Ms. CHENEY. Of course, Senator. My congressional liaison will work out a system with your staff.

[The information follows:]

EMERGENCY GRANTS, FY 1985

--------FUNDED PROJECTS--------

[illegible]	Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Ms. Sally Mutaychik		**START DATE	12/01/84
American Federation of Teachers		**END DATE	01/31/85
Washington, DC 20001		**APPROVED OR	3,520.00
CONG.DISTRICT: 00 UNKNOWN		**FUNDED OR	2,796.87
		**OBLIGATED	2,796.87

TITLE: Domestic Democracy Project
PROJECT DESCRIPTIONS:
To support a conference on the teaching of citizenship and civic education.

GL-20615-85	Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Ms. Lena C. Orlin		**START DATE	11/01/84
Folger Shakespeare Library		**END DATE	04/30/85
Washington, DC 20003		**APPROVED OR	29,980.00
CONG.DISTRICT: 88 AT LARGE		**FUNDED OR	25,508.00
		**OBLIGATED	29,980.00

TITLE: Symposium on French Culture During the Reign of Louis XIV
PROJECT DESCRIPTIONS:
To support a public symposium and series of lectures on Louis XIV, which will coincide with an exhibition, "The Sun King," at the Corcoran Gallery in Washington, D.C.

GN-22426-85-85-0-1	Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Ms. Paula L. Haller		**START DATE	10/01/84
Ganesha Productions		**END DATE	06/30/85
Los Angeles, CA 90048		**APPROVED OR	30,000.00
CONG.DISTRICT: 24		**FUNDED OR	30,000.00
		**OBLIGATED	30,000.00

TITLE: Emergency Prod. Grant for 1 Hour Natl. TV Film (PBS) based on Natl. Traveling Exhb. Incld. in Festl. of Ind., 1985-1986
PROJECT DESCRIPTIONS:
To support the planning of a documentary on India's culture and technology in association with the Festival of India traveling exhibition.

GP-21231-85	Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Mr. Frank B. Jones		**START DATE	02/01/85
Indiana University Alumni Association		**END DATE	04/30/86
Bloomington, IN 47405		**APPROVED OR	29,360.00
CONG.DISTRICT: 00 UNKNOWN		**FUNDED OR	29,360.00
		**OBLIGATED	29,360.00

TITLE: Northwest Territory Bicentennial, 1987
PROJECT DESCRIPTIONS:
To support planning conferences in preparation for the bicentennial of the Northwest Ordinance.

RX-20596-85	Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Professor Phyllis P. Bober		**START DATE	02/01/85
College Art Association of America, Inc.		**END DATE	06/30/86
New York, NY 10016		**APPROVED OR	10,000.00
CONG.DISTRICT: 00 UNKNOWN		**FUNDED OR	3,113.79
		**OBLIGATED	10,000.00

TITLE: Conference to Develop Guidelines for the Fair Use of Visual Materials in Scholarship and Research
PROJECT DESCRIPTIONS:
To support a conference devoted to explaining copyright issues involved in the use of visual reproductions for scholarly use.

--------FUNDED PROJECTS--------

[illegible] Grantee:INST/ORGANIZ
Dr. [illegible] W. Martin
University of New Mexico
Albuquerque, NM 87131
CONG.DISTRICT: 01

**APPROVED DATE:	00/00
**START DATE	07/01/85
**END DATE	03/31/86
**APPROVED OR	121,096.00
**FUNDED OR	121,096.00
**OBLIGATED	30,000.00
**SUPPLEMENT AMOUNT:	
** 08/86 OR	30,548.00

TITLE: Encuentro: A Columbus Quincentenary Newsletter
PROJECT DESCRIPTIONS:
To support renewal of an emergency grant made jointly by NEH and NEA for a newsletter, ENCUENTRO, which provides information on arts and humanities events relating to the Columbus Quincentenary.

ES-21306-85 Grantee:INST/ORGANIZ
Dr. William T. Stuart
Admiral H.G. Rickover Foundation
McLean, VA 22102
CONG.DISTRICT: 10

**APPROVED DATE:	00/00
**START DATE	05/01/85
**END DATE	12/31/85
**APPROVED OR	15,169.00
**FUNDED OR	14,794.00
**OBLIGATED	15,169.00

TITLE: Humanities for Young Scholars
PROJECT DESCRIPTIONS:
To support the final planning and implementation of a new humanities program for the 1985 Rickover Summer Institute.

EH-20549-85 Grantee:INST/ORGANIZ
Dr. James Gollattscheck
American Assn. of Community & Junior Colleges
Washington, DC 20036
CONG.DISTRICT: 88 AT LARGE

**APPROVED DATE:	00/00
**START DATE	04/01/85
**END DATE	07/31/86
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Community College Response to the Challenges of To Reclaim a Legacy
PROJECT DESCRIPTIONS:
To support a humanities round table of community college presidents and faculty who will discuss the report, TO RECLAIM A LEGACY, an evaluation of the humanities in higher education, and publication of the proceedings.

RX-20722-85 Grantee:INST/ORGANIZ
Mr. Chhang Song
Save Cambodia, Inc.
Arlington, VA 22207
CONG.DISTRICT: 10

**APPROVED DATE:	00/00
**START DATE	04/01/85
**END DATE	10/31/85
**APPROVED OR	15,000.00
**FUNDED OR	15,000.00
**OBLIGATED	15,000.00

TITLE: Cambodian Studies Conference
PROJECT DESCRIPTIONS:
To support a conference to examine problems in the preservation and stucy of Cambodian culture.

-------FUNDED PROJECTS-------

RL-20678-85 Grantee:INST/ORGANIZ
Professor Warren T. Reich
Georgetown University
Washington, DC 20007
CONG.DISTRICT: 00 UNKNOWN

**APPROVED DATE: 00/00
**START DATE 07/01/85
**END DATE 06/30/86
**APPROVED OR 21,995.00
**FUNDED OR 21,995.00
**OBLIGATED 21,995.00

TITLE: Encyclopedia of Bioethics
PROJECT DESCRIPTIONS:
To support planning for the revision of the ENCYCLOPEDIA OF BIOETHICS.

RL-20973-85 Grantee:INST/ORGANIZ
Dr. David P. Silverman
University of Pennsylvania
Philadelphia, PA 19104
CONG.DISTRICT: 01

**APPROVED DATE: 00/00
**START DATE 07/01/85
**END DATE 03/31/86
**APPROVED OR 1,800.00
**FUNDED OR 1,800.00
**OBLIGATED 1,800.00

TITLE: The Religious Inscriptions in the Tomb of Khesu, the Elder in the Western Delta of Egypt. 3rd Millenium B.C.
PROJECT DESCRIPTIONS:
To support a translation of religious inscriptions in the tomb of Khesu the Elder in the Western Delta of Egypt.

RT-20640-85 Grantee:INST/ORGANIZ
Professor Anne D. Shapiro
Harvard University
Cambridge, MA 02138
CONG.DISTRICT: 08

**APPROVED DATE: 00/00
**START DATE 09/01/85
**END DATE 10/31/86
**APPROVED OR 22,203.00
**FUNDED OR 22,203.00
**OBLIGATED 22,203.00

TITLE: A Research Tool for British-American Folk-Tune Classification
PROJECT DESCRIPTIONS:
To support preparation of a computer-aided classification of the British-American folksong tradition.

GL-20661-85 Grantee:INST/ORGANIZ
Dr. Vartan Gregorian
American Library Association
Chicago, IL 60611
CONG.DISTRICT: 07

**APPROVED DATE: 00/00
**START DATE 06/01/85
**END DATE 07/31/86
**APPROVED OR 15,000.00
**FUNDED OR 15,000.00
**OBLIGATED 15,000.00

TITLE: IFLA Conference Plenary Program
PROJECT DESCRIPTIONS:
To support honoraria for speakers at the plenary session of the International Federation of Library Associations and Institutions' conference on the theme "Libraries and the Universal Availability of Information."

NATIONAL ENDOWMENT FOR THE HUMANITIES

Emergency Grants, FY 1986

RT-20588-86- -0-0 Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Mr. Theodore C. Achilles	**START DATE	01/01/86
Atlantic Council of the United States	**END DATE	09/30/86
Washington, DC 20006	**APPROVED OR	25,000.00
CONG.DISTRICT: 88 AT LARGE	**FUNDED OR	25,000.00
	**OBLIGATED	25,000.00

TITLE: Political Education in a Democratic Society: Rights and Obligations
PROJECT DESCRIPTIONS:
To support a conference for educators from the United States and Europe and representatives from the Atlantic Council and the Atlantic Education Committee to discuss ways of improving secondary school and post-secondary education about the philosophical foundations and the nature of democratic societies.

ES-21331-86- -0-0 Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Dr. John P. Roche	**START DATE	01/01/86
Tufts University	**END DATE	10/31/86
Medford, MA 02155	**APPROVED OR	15,000.00
CONG.DISTRICT: 07	**FUNDED OR	15,000.00
	**OBLIGATED	15,000.00

TITLE: A Conference on American Foreign Policy
PROJECT DESCRIPTIONS:
To support a two-day conference for secondary school teachers on the historical development of American foreign policy. Scholars will address the participants on a variety of topics which are central to the teaching of American history.

ES-21444-86- -0-0 Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Dr. Dorothy B. Goodman	**START DATE	08/01/86
Friends of International Education	**END DATE	04/30/87
Washington, DC 20008	**APPROVED OR	29,425.00
CONG.DISTRICT: 88 AT LARGE	**FUNDED OR	29,425.00
	**OBLIGATED	29,425.00

TITLE: Teaching Arabic, Chinese, Japanese and Russian to Children
PROJECT DESCRIPTIONS:
To support a six-month research effort on materials for teaching Arabic, Chinese, Japanese, and Russian in the schools. A library and resources center will be established for the use of teachers and language scholars.

RT-20741-86- -0-0 Grantee:INDIVIDUAL	**APPROVED DATE:	00/00
Mr. Curtis W. Cate	**START DATE	07/01/86
	**END DATE	04/30/87
France, ZZ 00000	**APPROVED OR	30,000.00
CONG.DISTRICT: 00 UNKNOWN	**FUNDED OR	30,000.00
	**OBLIGATED	30,000.00

TITLE: Veritas Historical Handbooks

RT-20898-86- -0-0 Grantee:INST/ORGANIZ	**APPROVED DATE:	00/00
Mr. Robert Middlekauff	**START DATE	10/01/86
Huntington Library	**END DATE	12/31/86
San Marino, CA 91108	**APPROVED MATCH	30,000.00
CONG.DISTRICT: 22	**FUNDED MATCH	30,000.00
	**OBLIGATED	30,000.00

TITLE: Restoring works of Art Damaged by Fire
PROJECT DESCRIPTIONS:
To support the restoration of works of art damaged by fire.

NATIONAL ENDOWMENT FOR THE HUMANITIES

Emergency Grants, FY 1986

GL-20699-86- -0-0 Grantee:INST/ORGANIZ
Mr. Richard E. Kirkwood
Hollins College
Hollins College, VA 24020
CONG.DISTRICT: 06

**APPROVED DATE:	00/00
**START DATE	02/01/86
**END DATE	02/28/87
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Replacement Texts in Humanities for Library
PROJECT DESCRIPTIONS:
To support the acquisition of texts in the humanities that were lost in a flood at Hollins College.

GL-20747-86- -0-0 Grantee:INST/ORGANIZ
Mr. Wyman Jones
Los Angeles Public Library
Los Angeles, CA 90071
CONG.DISTRICT: 25

**APPROVED DATE:	00/00
**START DATE	10/01/86
**END DATE	11/30/87
**APPROVED MATCH	30,000.00
**FUNDED MATCH	30,000.00
**OBLIGATED	30,000.00

TITLE: Emergency Grant to replace Humanities Collection Destroyed by Fire
PROJECT DESCRIPTIONS:
To support a humanities book-rebuilding program needed because a fire destroyed approximately 20 percent of its holdings.

PS-20035-86- -0-0 Grantee:INDIVIDUAL
Ms. Elizabeth M. Grant

New Orleans, LA 70125
CONG.DISTRICT: 01

**APPROVED DATE:	11/85
**START DATE	11/01/85
**END DATE	10/31/86
**APPROVED OR	680.00
**FUNDED OR	680.00
**OBLIGATED	680.00

TITLE: Attendance at SOLINET Workshop on Preservation

PS-20068-86- -0-0 Grantee:INDIVIDUAL
Ms. Ellen McCrady

Provo, UT 84602
CONG.DISTRICT: 00 UNKNOWN

**APPROVED DATE:	00/00
**START DATE	04/01/86
**END DATE	06/30/86
**APPROVED OR	658.00
**FUNDED OR	658.00
**OBLIGATED	658.00

TITLE: Training for a Preservation Librarian
PROJECT DESCRIPTIONS:
To support the costs of attendance by one Brigham Young University librarian at a workshop on library preservation offered by the Northeast Document Conservation Center in Andover, Massachusetts. The workshop focused on the preservation of materials valuable for humanities research.

RI-20745-86- -0-0 Grantee:INST/ORGANIZ
Dr. Fredi Chiappelli
University of California, Los Angeles
Los Angeles, CA 90024
CONG.DISTRICT: 23

**APPROVED DATE:	00/00
**START DATE	09/01/86
**END DATE	02/28/87
**APPROVED OR	6,000.00
**FUNDED OR	6,000.00
**OBLIGATED	6,000.00

TITLE: Determining the Feasibility of a Computerized Index of the REPERTORIUM COLUMBIANUM
PROJECT DESCRIPTIONS:
To support a planning meeting to discuss and establish standards for a computerized index to the REPERTORIUM COLUMBIANUM, a projected English translation of original sources about Columbus's voyages and other transatlantic explorations.

NATIONAL ENDOWMENT FOR THE HUMANITIES

Emergency Grants, FY 1986

RX-20843-86- -0-0 Grantee:INST/ORGANIZ
Dr. Maria Lombardo
National Italian-American Foundation
Washington, DC 20001
CONG.DISTRICT: 00 UNKNOWN

**APPROVED DATE:	00/00
**START DATE	04/01/86
**END DATE	04/30/87
**APPROVED MATCH	10,000.00
**FUNDED MATCH	10,000.00
**OBLIGATED	10,000.00

TITLE: Italians and Jews: Rescue and Aid During the Holocaust
PROJECT DESCRIPTIONS:
To support an International Conference focusing on the role of Italian citizens in aiding Jewish refugees from the Holocaust.

RX-20844-86- -0-0 Grantee:INST/ORGANIZ
Professor Charles W. Bergquist
Duke University
Durham, NC 27706
CONG.DISTRICT: 02

**APPROVED DATE:	00/00
**START DATE	08/01/86
**END DATE	08/31/87
**APPROVED OR	10,000.00
**FUNDED OR	10,000.00
**OBLIGATED	10,000.00

TITLE: Conference on The Challenge of Third World Culture
PROJECT DESCRIPTIONS:
To support travel costs for a number of scholars to attend an international conference on the literature, film, and other cultural developments in Third World countries.

RX-20897-86- -0-0 Grantee:INST/ORGANIZ
Professor Ernest S. Frerichs
Brown University
Providence, RI 02912
CONG.DISTRICT: 01

**APPROVED DATE:	00/00
**START DATE	08/01/86
**END DATE	12/31/86
**APPROVED OR	3,000.00
**FUNDED OR	3,000.00
**OBLIGATED	3,000.00

TITLE: Planning Conference: A Culture of Mixed Media: Orality and Literacy in Ancient Judaism and Christianity
PROJECT DESCRIPTIONS:
To support a planning conference on oral and written cultural traditions in early Judaism and Christianity, in conjunction with the 900th anniversary celebration of the founding of the University of Bologna.

RX-20898-86- -0-0 Grantee:INST/ORGANIZ
Mr. James B. Gardner
American Historical Association
Washington, DC 20003
CONG.DISTRICT: 88 AT LARGE

**APPROVED DATE:	00/00
**START DATE	11/01/86
**END DATE	06/30/87
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Conference on Hispanic Archival Material
PROJECT DESCRIPTIONS:
To support a conference on facilitating access to and use of Iberian and Latin American archival materials, especially those relating to the Columbian Quincentenary.

NATIONAL ENDOWMENT FOR THE HUMANITIES

Emergency Grants, FY 1986

RH-20798-86- -0-0 Grantee:INST/ORGANIZ
Dr. Harvey Flaumenhaft
Saint John's College, Main Campus
Annapolis, MD 21404
CONG.DISTRICT: 04

**APPROVED DATE:	00/00
**START DATE	07/01/86
**END DATE	06/30/87
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Masters of Discovery: Guided Studies of Great Texts in Science
PROJECT DESCRIPTIONS:
To support planning for a series of historical scientific works with introductions and guides that will make these works accessible to a wider body of scholars.

GN-22764-86- -0-0 Grantee:INST/ORGANIZ
Mr. John S. Baker
Production Institute of America
Baton Rouge, LA 70808
CONG.DISTRICT: 06

**APPROVED DATE:	00/00
**START DATE	02/01/86
**END DATE	09/30/86
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Bicentennial Documentary
PROJECT DESCRIPTIONS:
To support planning a Bicentennial television documentary series, a television talk show series, and two- to five-minute radio programming slots on the Constitution.

GM-23200-86- -0-0 Grantee:INST/ORGANIZ
Ms. Rowena Stewart
Afro-American Historical & Cultural Museum
Philadelphia, PA 19106
CONG.DISTRICT: 03

**APPROVED DATE:	00/00
**START DATE	12/01/85
**END DATE	09/30/86
**APPROVED OR	25,000.00
**FUNDED OR	25,000.00
**OBLIGATED	25,000.00

TITLE: Photographic Exhibition of Urban Murals Painted Between 1967-1978
PROJECT DESCRIPTIONS:
To support an interpretive exhibition exploring the genesis of the urban art movement, its creators, visual characters, and iconography.

EMERGENCY GRANTS, FY 1987

-------FUNDED PROJ[illegible]

ES-21450-87 Grantee:INST/ORGANIZ
Ms. Francie M. Alexander
California State Department of Education
Sacramento, CA 95814
CONG.DISTRICT: 03

**APPROVED DATE:	00/00
**START DATE	01/01/87
**END DATE	02/28/88
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Constitutional Literacy Initiative
PROJECT DESCRIPTIONS:
To support the Constitutional Literacy Initiative which will provide materials and training for social studies teachers through planning and consultations between teachers and scholars.

ES-21502-87 Grantee:INST/ORGANIZ
Ms. Phyllis Franklin
Modern Language Association of America
New York, NY 10003
CONG.DISTRICT: 00 UNKNOWN

**APPROVED DATE:	00/00
**START DATE	03/01/87
**END DATE	09/30/87
**APPROVED OR	23,000.00
**FUNDED OR	23,000.00
**OBLIGATED	23,000.00

TITLE: National Conference on the Teaching of English
PROJECT DESCRIPTIONS:
To support a national conference of teachers and scholars who will discuss major topics and issues in the teaching of English from the elementary through the undergraduate levels.

ES-21562-87-00-1-0 Grantee:INST/ORGANIZ
Ms. Marthalie P. Furber
OPERA America
Washington, DC 20005
CONG.DISTRICT: 00 UNKNOWN

**APPROVED DATE:	00/00
**START DATE	06/01/87
**END DATE	10/31/87
**APPROVED OR+MATCH	30,000.00
**FUNDED OR+MATCH	30,000.00
**OBLIGATED	30,000.00

TITLE: Opera in the Humanities
PROJECT DESCRIPTIONS:
To support a two-week summer institute for teachers to study the interrelationships between Shakespeare and Verdi.

ES-21571-87 Grantee:INST/ORGANIZ
Professor Ronald A. Sharp
Kenyon College
Gambier, OH 43022
CONG.DISTRICT: 04

**APPROVED DATE:	00/00
**START DATE	06/01/87
**END DATE	09/30/87
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Literature and the Elementary Curriculum
PROJECT DESCRIPTIONS:
To support planning activities for a project designed to improve the teaching of literature within elementary schools.

-------FUNDED PROJECTS

GM-20815-87 Grantee:INST/ORGANIZ
Ms. Winifred A. Lichtenwalter
Leavenworth Public Library
Leavenworth, KS 66048
CONG.DISTRICT: 02

**APPROVED DATE:	00/00
**START DATE	02/01/87
**END DATE	07/31/87
**APPROVED MATCH	500.00
**FUNDED MATCH	500.00
**OBLIGATED	500.00

TITLE: Books for Bicentennial Bookshelf

GM-23345-87-00-1-0 Grantee:INST/ORGANIZ
Mr. John Carswell
University of Chicago
Chicago, IL 60637
CONG.DISTRICT: 01

**APPROVED DATE:	00/00
**START DATE	09/01/86
**END DATE	09/30/87
**APPROVED MATCH	15,000.00
**FUNDED MATCH	15,000.00
**OBLIGATED	15,000.00

TITLE: Symposium: Art and the Russian People 1850-1900
PROJECT DESCRIPTIONS:
To support a symposium addressing major issues of Russian cultural and artistic history in the last half of the 19th century.

GM-23492-87-87-1-2 Grantee:INST/ORGANIZ
Ms. Diane L. Croft
National Braille Press
Boston, MA 02115
CONG.DISTRICT: 09

**APPROVED DATE:	00/00
**START DATE	01/01/87
**END DATE	10/31/87
**APPROVED OR	23,554.00
**FUNDED OR	19,419.00
**OBLIGATED	19,419.00

TITLE: The U.S. Constitution in Braille
PROJECT DESCRIPTIONS:
To support production of 12,500 braille copies of the U.S. Constitution and national distribution to museums and other cultural institutions.

GM-23493-87 Grantee:INST/ORGANIZ
Mrs. Margaret P. Duckett
Friends of Independence Nat'l Hist. Park
Philadelphia, PA 19106
CONG.DISTRICT: 01

**APPROVED DATE:	00/00
**START DATE	01/01/87
**END DATE	12/31/87
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: Miracle at Philadelphia: The Constitutional Convention Bicentennial Exhibition
PROJECT DESCRIPTIONS:
To support continued production of educational materials in preparation for the Constitutional Convention Bicentennial Exhibition.

GM-23612-87 Grantee:INST/ORGANIZ
Ms. Rose M. Glennon
Toledo Museum of Art
Toledo, OH 43697
CONG.DISTRICT: 09

**APPROVED DATE:	00/00
**START DATE	08/01/87
**END DATE	03/31/88
**APPROVED OR	20,000.00
**FUNDED OR	20,000.00
**OBLIGATED	20,000.00

TITLE: A Masterpiece from the Soviet Union: Rembrandt's "The Holy Family with Angels"
PROJECT DESCRIPTIONS:
To support interpretive materials, a publication, and a lecture series complementing the exhibition of a Rembrandt masterpiece on loan from the Soviet Union.

-------FUNDED PROJECTS-------

GN-23[illegible] Grantee:INST/ORGANIZ
Dr. Avon Kirkland
New Images Productions, Inc.
Berkeley, CA 94708
CONG.DISTRICT: 08

**APPROVED DATE:	00/00
**START DATE	06/01/87
**END DATE	12/31/87
**APPROVED OR	25,000.00
**FUNDED OR	25,000.00
**OBLIGATED	25,000.00

TITLE: Simple Justice
PROJECT DESCRIPTIONS:
To support the purchase of the rights to Richard Kluger's book, SIMPLE JUSTICE, a history of Brown v. Board of Education, which forms the basis for a new television series.

GN-23301-87 Grantee:INST/ORGANIZ
Mr. Adrian Malone
University of the Air Project
Washington, DC 20005
CONG.DISTRICT: 88 AT LARGE

**APPROVED DATE:	00/00
**START DATE	07/01/87
**END DATE	11/30/87
**APPROVED OR	30,000.00
**FUNDED OR	30,000.00
**OBLIGATED	30,000.00

TITLE: University of the Air
PROJECT DESCRIPTIONS:
To support the planning of television programs on the intellectual history of the twentieth century.

GN-23302-87 Grantee:INST/ORGANIZ
Mr. James C. Roberts
Radio America
Washington, DC 20003
CONG.DISTRICT: 00 UNKNOWN

**APPROVED DATE:	00/00
**START DATE	07/01/87
**END DATE	12/31/87
**APPROVED OR	13,000.00
**FUNDED OR	13,000.00
**OBLIGATED	13,000.00

TITLE: Smithsonian Symposium on the Constitution
PROJECT DESCRIPTIONS:
To support the editing and radio distribution of four 45-minute programs using addresses made at the Smithsonian Conference, Constitutional Roots, Rights, and Responsibilities.

RC-21479-87 Grantee:INST/ORGANIZ
Mr. Arthur W. Murphy
Afro-American Charities, Inc.
Baltimore, MD 21201
CONG.DISTRICT: 07

**APPROVED DATE:	00/00
**START DATE	06/01/87
**END DATE	12/31/87
**APPROVED OR	16,000.00
**FUNDED OR	16,000.00
**OBLIGATED	16,000.00

TITLE: Emergency Grant: Afro-American Newspapers Consultation
PROJECT DESCRIPTIONS:
To support consultation by a senior and a junior archivist, who will inventory and appraise the historical records and files of the Afro-American Newspapers and advise on methods to preserve, store, and catalogue the collection.

-------FUNDED PROJECTS-------

RX-21[illegible]-87-00-1-0 Grantee:INST/ORGANIZ
Dr. George F. Bass
Texas A&M Research Foundation
College Station, TX 77843
CONG.DISTRICT: 06

**APPROVED DATE:	00/00
**START DATE	06/01/87
**END DATE	05/31/88
**APPROVED OR+MATCH	30,000.00
**FUNDED OR+MATCH	30,000.00
**OBLIGATED	10,000.00

TITLE: Excavation at Ulu Burun, Turkey
PROJECT DESCRIPTIONS:
To support the excavation of a 14th-century B.C. ship off the coast of modern Turkey. The site is rich in early artifacts and has already provided important evidence of merchant trading patterns.

RT-20880-87 Grantee:INST/ORGANIZ
Dr. Nancy M. Ide
Vassar College
Poughkeepsie, NY 12601
CONG.DISTRICT: 21

**APPROVED DATE:	00/00
**START DATE	09/01/87
**END DATE	12/31/87
**APPROVED OR	17,370.00
**FUNDED OR	17,370.00
**OBLIGATED	17,370.00

TITLE: Development of Text Encoding Guidelines: The Association for Computers and the Humanities
PROJECT DESCRIPTIONS:
To support a planning conference for a project to develop and promote guidelines for standard text-encoding practices in preparing machine-readable texts in the humanities.

RX-20953-87 Grantee:INST/ORGANIZ
Professor Denis Sinor
Indiana University, Bloomington
Bloomington, IN 47402
CONG.DISTRICT: 09

**APPROVED DATE:	00/00
**START DATE	06/01/87
**END DATE	02/28/88
**APPROVED OR	16,000.00
**FUNDED OR	16,000.00
**OBLIGATED	16,000.00

TITLE: Meeting of the Permanent Altaic Conference
PROJECT DESCRIPTIONS:
To support an international conference on Altaic and Uralic studies.

SO-20765-87-00-1-0 Grantee:INST/ORGANIZ
Ms. Sondra Myers
Federation of State Humanities Councils
Washington, DC 20005
CONG.DISTRICT: 88 AT LARGE

**APPROVED DATE:	00/00
**START DATE	10/01/86
**END DATE	03/31/87
**APPROVED OR	29,800.00
**FUNDED OR	26,954.73
**OBLIGATED	26,954.73

TITLE: Guide to Bicentennial Bookshelf Public Programs
PROJECT DESCRIPTIONS:
To support the research and preparation of CELEBRATE THE CONSTITUTION: A GUIDE FOR PUBLIC PROGRAMS IN THE HUMANITIES, 1987-1991.

EMERGENCY GRANTS

Senator REID. You don't have any programs similar to the chairman's reserve that was in the National Endowment for the Arts, do you?

Ms. CHENEY. You know that by law, the chairman of either Endowment is able to make grants himself or herself in an amount up to $30,000, insofar as the total amount of such grants doesn't exceed, I think it is 10 percent of definite funds.

In fact, I do make such grants, but I call them emergency grants, and there are very, very few of them. Less than one-half of 1 percent of the Endowment's definite program budget was made in the form of such grants last year.

Senator REID. What would be an example of an emergency?

Ms. CHENEY. The Los Angeles County Public Library would come to us after a fire and the books are sitting there wet and mildewing and they need money to go in and dry them out and save them. Or, perhaps a conference is underway. The people who are organizing the conference will suddenly see there is a dimension they have not covered that would make the conference much richer as far as the humanities were concerned.

That might be considered an emergency.

Senator REID. Would you be kind enough to list for us the emergency grants that you make during the year and some reason why it was an emergency? A lot of them, most of them are obvious.

ADDITIONAL COMMITTEE QUESTIONS

We thank you very much. We have a number of other questions that I will not choose to ask you now, but we would like to submit to you those questions in writing. You are obviously well prepared for the hearing. I am grateful for that.

I wish I had more time to spend with you. Your work, I'm sure, is fascinating.

Ms. CHENEY. I will also submit information in what we have been doing in West Virginia. West Virginia might be a useful topic.

Senator REID. I think if I want to come back next year, maybe I should do that. [Laughter.]

Ms. CHENEY. Thank you.

[The following questions were not asked at the hearing but were submitted to the Endowment for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Rising Administrative Costs

Question: The FY 1989 President's budget for the Endowment includes a reduction in most of the program areas. However, administrative costs are proposed to increase from $15,245,000 in FY 1988 to $15,850,000 in FY 1989, an increase of $605,000. How do you justify such a large increase in administrative costs at a time when the program or grant costs are being reduced?

Answer: For FY 1989 NEH continues to be hard hit by increases in three areas largely beyond our control: federal pay raises, higher personnel benefits costs (primarily due to the increasing FERS population at the agency), and increased charges for office space (no additional space is involved).

In FY 1989, these three items account for $370,000, or 61 percent of the increase in administrative costs. In addition, another $50,000 will be needed for data collection activities associated with the biennial State of the Humanities reports mandated by the 1985 Reauthorization Act.

It is true that we are requesting an increase in FY 1989 of $180,000 for computer equipment. Please note, however, that we are simultaneously reducing personnel at the agency by two FTEs. We at NEH are quite proud of the fact that we have been able to reduce staffing by 14 percent, 42 FTEs, since FY 1980, when the Endowment began to automate. We want to continue this momentum, but we can only do so by improving the ADP capacity available to our staff. A recent management study of our ADP system concluded that the memory and storage capacity of our current computer is exhausted and that more workstations and printers are needed to eliminate duplication in document-production activities.

At NEH, we are mindful of the need to reduce overhead costs whenever possible, and we continually stress this priority to all of our program and office heads. As we detail on pages 87 and 88 of our budget justification, since 1980 we have, in real terms--and with no allowance for inflation for the nine-year period from 1980 to 1989--been able to reduce administrative expenses at the Endowment by 9 percent. We hope--with the help of ADP equipment, automation, and on-going improvements in managerial procedures--to continue this trend into future years.

Question: What impact will these decreases have on humanities programs and activities?

Answer: The impact will be slight. In our FY 1989 request, program funds (Definite, Challenge, and Treasury) decrease by less than one-half of one percent compared to the program funds appropriated by Congress for FY 1988.

Geographic Distribution of Advisory Panels

Question: What is the geographic distribution of members on NEH advisory panels?

Answer: In FY 1987, 968 scholars and specialists were drawn from all over the country to serve on NEH advisory panels. Their geographic distribution by state was as follows:

NEH Panelists - FY 1987

State	Numbers Who Served
Alabama	11
Alaska	--
Arizona	15
Arkansas	2
California	85
Colorado	10
Connecticut	30
D.C.	36
Delaware	6
Florida	11
Georgia	19
Hawaii	2
Idaho	2
Illinois	62
Indiana	28
Iowa	10
Kansas	5
Kentucky	7
Louisiana	15
Maine	4
Maryland	37
Massachusetts	58
Michigan	27
Minnesota	31
Mississippi	8
Missouri	9
Montana	2
Nebraska	4
Nevada	3
New Hampshire	3
New Jersey	29
New Mexico	6
New York	110
North Carolina	25
North Dakota	--
Ohio	30
Oklahoma	5
Oregon	7
Pennsylvania	38
Rhode Island	8
South Carolina	9
South Dakota	1
Tennessee	13
Texas	42
Utah	7
Vermont	3
Virginia	41
Washington	17
West Virginia	2
Wisconsin	25
Wyoming	3
Puerto Rico	1
Virgin Islands	--
Other	4
TOTAL	968

Question: To what extent do you recruit members from less populous states like West Virginia and Nevada?

Answer: In selecting qualified individuals to serve on NEH advisory panels, Endowment staff make a deliberate effort to ensure

that the membership of our panels is geographically diverse. As a result, all but two states were represented on NEH panels during fiscal year 1987.

The panel selection process is assisted by a computerized data bank containing the names of thousands of individuals, their disciplinary specialties, institutional affiliation, publications, and other pertinent information. Thus, Endowment staff are generally able to locate, in almost any part of country, individuals with the knowledge and experience required to evaluate a specific group of proposals under review. A more efficient and "user-friendly" version of this system, which we call PRISM (Panelist and Reviewer Information System), will soon be completed. PRISM will make it much easier for Endowment staff to draw upon a geographically diverse pool of qualified specialists and scholars when putting togther an advisory panel.

Question: To what extent are critical comments of peer review followed up?

Answer: Upon request, unsuccessful applicants are provided with a written explanation of the reasons that their proposal was not approved for funding. Failure to gain support on one occasion does not prejudice an applicant's chances for reconsideration later, and the critical comments of reviewers may prove very useful should an unsuccessful applicant choose to reapply.

In some cases, panelists and reviewers offer suggestions that may be particularly helpful to successful applicants in implementing their project. These comments are also relayed to the applicant.

"American Memory" Report

Question: Please discuss your congressionally-mandated report on humanities in the schools, American Memory.

Answer: In 1985, Congress instructed the National Endowment for the Humanities and the National Endowment for the Arts to study the state of humanities and arts education in the nation's public schools. American Memory is the result of the National Endowment for the Humanities' efforts.

We at NEH undertook this study enthusiastically. In 1984, under the chairmanship of my predecessor William Bennett, NEH had issued To Reclaim a Legacy, a report on the humanities in higher education. It was time for us to consider humanities education in our elementary and secondary schools. Indeed, for many reasons, it seemed urgent that we do so. A number of thoughtful observers were expressing alarm about the state of the humanities in our schools, but history and literature were not emerging as central concerns in the various state, regional, and national commissions looking at education. Educational reform was in the air, but the humanities were seldom a part of it.

And so it was with the sense of being about an important task that an advisory group on history and literature first met on March 2, 1987. I convened this group twice more. Our discussions were informed by readings, statistical data, short presentations by outside experts, and by the results of an NEH-funded nationwide test of what seventeen-year-olds know about history and literature.

The advisory group on history and literature represented all parts of the country and a variety of educational institutions.

Among its members were the principal of an inner-city elementary school and the dean of a college in the Rocky Mountains; a school superintendent from Maine, a high school teacher from Iowa, a faculty member from the graduate school of education at the University of California. There were humanities scholars in the group from colleges and universities across the nation.

In addition to the advisory group on history and literature, I called together a group on foreign language education. This group, which met once, was also composed of scholars, teachers, and administrators.

Under the auspices of the Woodrow Wilson Center for International Studies in Washington, D.C., I also met with heads of major humanities organizations and leaders of foundations that have supported humanities education. We discussed the topics this report should cover.

At all the meetings held in connection with this report, there was lively debate. The members of these groups brought a variety of perspectives to the meetings, and they did not reach consensus on every point. Given their diversity, however, there was a surprising amount of agreement. Most important, they agreed that there is reason for serious concern about humanities education in U.S. schools.

What we found is that America's elementary and secondary schools are not doing as well as they should at teaching students about their shared past and culture. The fundamental problem is that our system of education stresses skills rather than knowledge. Somehow the erroneous notion has taken hold that we can teach our children how to think without troubling them to learn anything worth thinking about, or that we can teach our children how to understand the world in which they live without conveying to them the events and ideas that have brought it into existence.

Data from an NEH-funded survey dramatically document the consequences of this emphasis on process over content. The test, administered to a national sample of American 17-year-olds, showed that more than two-thirds are unable to place the Civil War within the correct half-century or to identify the Reformation or Magna Carta. Vast majorities of students are unfamiliar with writers whose works are regarded as classics, such as Dante, Chaucer, Dostoevsky, Whitman, Hawthorne, Melville and Austen.

Of course, both skills and knowledge are essential to education, and both suffer when the content of learning is neglected. How can mental skills be developed except through exercise on materials that are challenging and substantial? It is often said that our children must master the skills, math, and science that will keep this nation competitive in world markets. But world competition is not just about dollars; it is also about ideas. Our students need to know what those ideas are, need to understand our democratic institutions, to know their origins in Western thought, to be familiar with how and why other cultures evolved differently from our own.

Knowledge of the past is also important to our nation's strength. A system of education that fails to nurture memory of the past denies its students a great deal: the satisfactions of mature thought, an attachment to abiding concerns, a perspective on human existence. The ideas that have molded us and the ideas that have mattered to us function as a kind of civic glue. Our history and our literature give us symbols to share; they help us all, no matter how diverse our background, feel part of a common undertaking.

When we looked at the textbooks used in U.S. schools, we found that, for the most part, they are poor in content, and what content they do contain is not presented in a way to make anyone care to remember it. Grade school reading textbooks contain few selections from classic children's literature--or even much good prose. Social studies textbooks used in early grades contain almost no history; instead they stress "human-relations skills" and "life skills." American history texts used in high schools are heavy with facts but often deficient in compelling narrative.

Our methods of training and sustaining teachers are also a matter of concern. Teacher education today emphasizes how to teach rather than what shall be taught; once in the schools, teachers are more often encouraged to take more training in the process of education rather than its content.

So, basically we found that our schools are falling short in three ways: skills are emphasized over knowledge, textbooks often lack challenging content, and teachers training focuses on process rather than substance. American Memory makes a number of recommendations to address those problems.

Question: What effects, if any, have the findings of the study had on the Endowment's programming?

Answer: Students benefit most when teachers have a mastery of their disciplines and are themselves actively engaged in learning. So, a central recommendation of American Memory was that teachers be given opportunities to become more knowledgeable about the subjects that they teach. Beginning in FY 1989, the Endowment will offer a sabbatical leave program that will give fifty-three teachers the opportunity to spend up to twelve months increasing their understanding of texts, topics, and issues central to the subjects they teach. The program will be supported in part by a gift of $1.5 million donated by Reader's Digest.

The report also recommended that higher education faculties play a greater role in the continuing education of teachers. A new grant category called Masterwork Study Grants will foster better interchange between the schools and the institutions of higher education within a geographic area. Masterwork Study Grants will provide intellectual stimulation for teachers and school administrators who wish to pursue a planned program of study in conjunction with faculty from nearby colleges and universities. Study will focus on texts, historical documents, and artistic masterpieces central to the disciplines of the humanities.

In an effort particularly focused on improving the teaching and learning of history, NEH will enter into a three-year cooperative agreement with an institution or organization to set up a center that will collect and analyze information on the current state of history education in grades K-12. The history center will identify effective approaches and curricular materials for teaching history in the schools, and disseminate its findings in ways that are useful for teachers, administrators, policymakers, and parents.

I should also note that the Endowment already has programs in place that encourage activities of the kind recommended in American Memory, and we will continue these efforts.

Oxford University Press/Center for American English

Question: Last year this Subcommittee expressed concern about an application from the Oxford University Press to use federal

funds to establish a Center for American English. What became of that application?

Answer: The application from the Oxford University Press (OUP) to establish a Center for American English was not funded. Panelists and specialist reviewers found many problems with the proposal and recommended that it not be funded. The major weaknesses of the application included:

-- A strong case was not made for the necessity of the Center; it appeared to be duplicating some of the work already being done by the Merriam-Webster Dictionary company;

-- The application failed to make clear if the data base would be open to all interested scholars--as required in the Endowment's guidelines--or would only exist as the exclusive property of OUP; and

-- A proposal that would have the effect of giving one applicant a distinct commercial advantage over another generally is not competitive in the Endowment's review system. Some of the publications of the Center would have been in direct competition with publications of American commercial publishers.

At the request of the Oxford University Press, the Endowment explained in a letter the reasons why the application was not approved. NEH has a standing policy of providing such explanatory letters to applicants who ask for them.

Question: Has the press re-applied for support again this year?

Answer: To date, OUP has neither re-applied for support for a Center for American English nor indicated that they intend to do so in the future.

State-Wide Preservation Programs

Question: Please discuss the Endowment's plan to support grants to state institutions to set up state-wide preservation programs. What are the goals of this program?

Answer: This program emphasis in the Endowment's Office of Preservation will offer a small planning grant to a state to survey its preservation needs and capabilities and to develop a preservation plan for state-wide action. The state plan will serve as a preservation blueprint for the coming years and will coordinate the activities of the state library and state archives as well as the efforts of historical organizations, museums, and other institutions located in the state. The Endowment's objective in making these grants is to bring the endangered holdings of the states into the national preservation effort.

Question: How many states already have, or are now developing, such preservation programs? Can you name them, or provide a list for the record?

Answer: To date, only New York and South Carolina have received support from the Endowment to help establish state-wide preservation programs.

We are just now in the very early stages of this funding emphasis. We will learn more about how we should proceed in the future after the New York and South Carolina plans are in place.

Question: What other federal and non-federal programs are involved in preservation? Do you consult with them to ensure there is no overlap?

Answer: If the efforts to preserve materials important to our intellectual heritage are to be successful and cost efficient, they must involve the commitment and the cooperation of many institutions and organizations. In addition to the Endowment's Office of Preservation, there are a number of other federal and non-federal organizations concerned with the preservation of research resources. The Endowment's staff keep in touch with these organizations to ensure that there is no duplication of effort.

Federal programs:

1. HEA Title II-C grants are administered through the Office of Libraries and Learning Resources in the Department of Education. Title II-C focuses on the needs of individual institutions and makes some awards to institutions for cataloguing, preservation, and acquisitions, including preservation microfilming and conservation of collections.

NEH also provides limited funding to individual institutions for preservation activities, but our funding is directed more towards cooperative efforts aimed at a national approach to preservation problems. For example, NEH awards include support for the training of preservation administrators and for the research and development needed to establish a strong foundation for future preservation activities.

2. The National Historical Publications and Records Commission (NHPRC) provides grants for archival collections and records management programs. A limited number of awards for preservation microfilming and photographic preservation are made each year. NEH staff maintain contact with NHPRC staff to avoid any possibility of overlap.

3. The Library of Congress (LC) is very active in preserving endangered books in its own collections. In addition, the Library works with the Endowment on the U.S. Newspaper Program. An inter-agency agreement assigns LC staff responsibility for quality control of the bibliographic entries in the national data base; NEH, in turn, is responsible for grant making and grants administration. The great success of the U.S. Newspaper Program to date is a testimony in part to the good working relationship between the Endowment and the Library of Congress.

4. The Institute of Museum Services (IMS), in addition to its main program of general operating support grants, also administers a small program of Conservation Project Support grants for the nation's museums. Unlike the Endowment's preservation activities, which are aimed at preserving the written or intellectual content of endangered materials, the IMS program is concerned primarily with conserving the actual object or artifact.

Non-federal organizations:

1. The Council on Library Resources (CLR) is a national organization that fosters the development of research libraries by providing leadership and funding of educational, research, and technical projects. With partial support from NEH, CLR recently produced a film for general

audiences, "Slow Fires," that discusses the brittle book problem in our nation's libraries and archives.

CLR established a Commission on Preservation and Access to develop a plan for a national brittle books preservation effort. NEH staff were involved in this effort and continue to maintain close contact with CLR.

2. The Association of Research Libraries (ARL) is a national membership organization composed of the directors of the 115 largest North American university research libraries. ARL has an active preservation committee, has articulated goals and guidelines for preservation efforts in member institutions, and has a staff member who is a national preservation expert. NEH has funded several of ARL's preservation activities, including the development of an institutional preservation self-study package.

3. The Research Libraries Group (RLG) is a membership consortium built upon a national library computer system called RLIN (Research Libraries Information Network). The RLIN data base has specially-designed preservation data elements, allowing the development of cooperative preservation microfilming programs that avoid costly duplication of effort. Preservation microfilming is one of RLG's chief program areas. NEH staff maintain contact with RLG staff to foster the development of further cooperative activities.

U. S. Newspapers Program

Question: Please describe the U.S. Newspapers Program and its current status.

Answer: To date, 34 states plus Puerto Rico and the Virgin Islands are participating or have participated in at least one of the three phases of the USNP program--planning, cataloguing, or microfilming. Three states--Montana, Nevada, and Utah--plus the Virgin Islands have completed their projects. Seven national repositories--with newspaper holdings from most of the states of the union--have completed cataloguing their collections.

Over 65,000 newspaper titles are now available in a national data base accessible through more than 7,000 computer terminals at libraries and other repositories throughout the U.S. and abroad.

Question: Is this program reaching smaller, less-populated states?

Answer: One of the virtues of the U.S. Newspapers Program is that it offers an excellent opportunity for the smaller and less populated states to participate in this important national preservation effort. Many of these states are already involved in at least some stage of the program. In fact, it is sometimes easier for smaller states to plan and implement a state-wide newspaper project than it is for the larger states where many institutions and many titles of newspapers must be reckoned with. In this regard, it is significant to note that the three states that have completed their projects are all "less-populated states."

Shortage of Humanities Teachers?

Question: Is there a current or projected shortage of humanities teachers in the Nation's schools?

Answer: In 1987 NEH joined with the Department of Education to conduct a survey of school districts to find out if they were experiencing a shortage of teachers in three subject areas: English, social studies, and foreign languages. The survey found that only one in fifty districts was experiencing a shortage of teachers in social studies, and only one in ten had a shortage of English teachers. In foreign languages, however, four in ten districts reported a shortage.

Forecasting the supply and demand situation for humanities teachers in the 1990's is a difficult proposition given the many factors that affect this equation. A variety of indicators, however, lead us to believe that a bright and sufficiently large pool of prospective teachers will be ready to fill whatever needs arise in the next decade:

- Surveys indicate that the number of college freshmen planning to become teachers has risen substantially in recent years. Of equal significance, this increase has occurred at highly selective colleges as well as those with less restrictive admission standards, indicating that the teaching profession is drawing its share of the most able students.

- Many colleges are reporting a resurgence of student interest in teaching programs. Here, too, these programs appear to be attracting their share of bright students.

Question: What are you doing to alleviate any possible shortage and to attract the best and brightest into the teaching profession?

Answer: The overwhelming size of the teaching corps limits the ability of NEH to structure its programs to alleviate possible shortages of trained teachers. Even so, the Endowment can and does use its programs to support projects that seek to attract bright and capable students into the teaching ranks and to provide incentives for them to remain in the teaching profession. In the area of foreign languages, for instance, the Endowment's Higher Education in the Humanities program encourages proposals that promise to reinvigorate teacher preparation programs in the languages, literatures, and cultures of other nations. Similarly, the Elementary and Secondary Education in the Humanities program encourages language study by supporting summer institutes for foreign language teachers and collaborative projects between foreign language professionals in schools and colleges. And the newly-announced NEH/Reader's Digest Teacher-Scholar program will encourage our schools' most capable teachers to remain in the profession by providing them the time to enhance their subject matter mastery.

Increased Personnel Costs

Question: How much have you budgeted, in FY 1989, for the January, 1989 pay raise? Isn't it rather unusual to budget for a pay raise that has not yet occurred? Has the Endowment forecast a pay raise in any previous budget?

Answer: The FY 1989 budget for NEH includes $150,000 for a two percent pay raise to take effect in January 1989. The inclusion of this pay raise in the budget is in accordance with provisions of the Bipartisan Budget Agreement and is based on specific instructions from the Office of Management and Budget. OMB informs us that all government agencies' FY 1989 budgets contain funds for the projected FY 1989 pay raise. You are right though; this practice is unusual. FY 1989 is the first year that individual agencies have included a pay raise in their budgets before the raise has actually been enacted into law.

Normally, the President's budget includes the total cost of projected future year federal pay raises in a table entitled "Allowances." This "Allowances" table would contain one amount representing the total costs to all agencies for each future year's raise. However, for FY 1989, because of provisions in the Bipartisan Budget Agreement, OMB instructed each individual agency to include the pay raise in its administrative budget.

Question: Your justifications state that "...We have budgeted slight increases to fund promotions, within-grade changes, and merit pay awards." How slight?

Answer: We have budgeted $75,000 to cover the increased costs for promotions, within-grade changes, and merit pay awards in FY 1989. This increase represents seven-tenths of one percent of the agency's personnel costs for the year. Within-grade changes, merit pay awards, and promotions are primarily fixed personnel costs, in that they are largely mandated by federal personnel regulations. It should also be noted that each time there is a federal pay raise, these items increase because the base salaries on which they are computed are larger.

We think our employee costs compare quite favorably with other federal agencies, especially when one considers the highly professional nature of NEH's work and staff. In fact, 96 percent of the program staff at NEH above the GS/GM 11 grade level have an advanced degree--a Master's or a Ph. D. Moreover, NEH's average GS/GM grade, 9.64, is below the average of 9.95 for GS/GM federal employees in the Washington DC area. As to average salary, we are seven percent below the average for the rest of government: NEH's average GS/GM salary in March 1987--the last time for which government-wide data are available--was $30,955, whereas the overall GS/GM average for the 235,000 federal employees working in the Washington, DC area was $33,371.

Question: A number of agencies that will appear before the subcommittee are reducing their 1989 estimates of Federal Employees Retirement System (FERS) costs. Would you explain how you calculated the $88,000 increase requested in 1989?

Answer: NEH, too, has reduced its FY 1989 estimate for FERS costs when compared to earlier projections. In FY 1987, when we first began to develop estimates for the future years' costs for FERS, we estimated that FERS in FY 1989 would cost the agency $1,252,000. The current estimate for FERS, the amount shown in our budget justification for FY 1989, is $906,000, $346,000 less than originally estimated. Like other agencies, we did not have as many employees switch to FERS from the Civil Service Retirement System (CSRS) as expected.

The $88,000 increase requested for FERS in our FY 1989 budget (i.e, the increase over the FY 1988 level) was calculated on the basis of actual costs to date, with a projection for the expected increase in FERS employees that will occur because of personnel turnover between now and the end of FY 1989. Specifically, (as of January 1988) the salary costs for FERS employees constituted 41

percent of the agency's total salary costs. In estimating the agency's future expenses for personnel benefits, we projected that FERS employees' salary costs would rise to 45 percent of the agency's total for all of FY 1988 and then to 50 percent in FY 1989. All of our projected costs for FERS (for FY 1987-FY 1993) have been based on specific instructions from the Office of Management and Budget, and OMB has carefully examined all of our projections and calculations.

The percentage of FERS employees at NEH increases monthly. In FY 1987, for example, 37 or two-thirds of the 55 new hires to the Endowment were FERS employees, whereas most employees who leave the agency are under the less costly Civil Service Retirement System. It is also important to note that 14 percent of eligible NEH CSRS employees converted to FERS during FY 1987 and FY 1988--a percent much higher than the government-wide average of less than 2 percent.

ADP Equipment Purchases

Question: The budget includes $200,000 for ADP equipment purchases (p. 95), which is justified on the basis that it costs only 50 per cent more to purchase the equipment than to lease it for 1 year. If this is the case, and I have no reason to believe otherwise, why does the budget also include an additional $40,000 for equipment rental? (The budget states that equipment rental includes "ADP terminals, and associated ADP equipment.")

Answer: In the long run, it is usually more cost-effective to purchase rather than to lease ADP hardware. However, we do lease ADP equipment when it is advantageous to do so. Some computer technology becomes obsolete so fast that leasing is preferable to purchasing. For example, in FY 1989 we will begin to experiment with laser printers and desk-top publishing. The technology in both of these areas is changing so fast that we want to allow ourselves the option of exchanging the equipment for the latest, most efficient models on the market.

Question: The 1988 appropriation for equipment purchases was $55,000, yet the 1989 budget indicates that you will be spending $90,000 for this purpose in 1988. Where did the additional $35,000 come from?

Answer: In the fall of 1987, 6 months after the FY 1988 budget was submitted, we retained a computer advisory firm to conduct a study of our future ADP needs and requirements. The results of that study indicate that our current ADP system is inadequate, and additonal equipment is required; our Central Processing Unit (CPU), a Wang VS-100, is operating at maximum capacity and cannot accept any more workstations or terminals, and the limited number of workstations and printers at the agency is inhibiting the efficiency of document production.

The revised FY 1988 figure of $90,000 will allow us to begin to buy some of the required ADP equipment, which is so crucial to the continued efficient management of our operations. As we state elsewhere in the hearing record, the acquistion of ADP equipment and the resultant automation of work procedures have been the most important factors in allowing us to make significant reductions in agency personnel. As noted in our FY 1989 budget justification, since we began to automate in 1980, NEH staffing has been reduced by 14 percent (42 FTEs).

The increase of $35,000 in our revised equipment budget for FY 1988 has been been made possible by savings we have been able to achieve in contractual services, OMB object classification 25.0.

President's Committee on the Arts and the Humanities

Question: How much does the Endowment spend in support of the President's Committee on the Arts and the Humanities? Do you know what percentage that is of the total? What was your contribution in fiscal years 1986, 1987, and 1988?

Answer: NEA and NEH share equally in the yearly expenses of the President's Committee on the Arts and the Humanities (PCAH). NEA administers and keeps book on PCAH, and NEH reimburses NEA during the year for half of Committee costs. NEH's actual contributions for the Committee were $97,000 in FY 1986 and $114,000 in FY 1987. In FY 1988, we estimate that NEH will pay $120,000.

Study of History Education

Question: Your opening statement indicates that in 1988 NEH will enter into a three-year cooperative agreement with an institution to study the current state of history education in grades K-12. What is the status of this proposal? What procedure did you use to select the organization which will do the study? Was the process open to competition?

Answer: The competition to establish the History Center was announced early last fall and was open to any nonprofit institution or organization. We received over 100 requests for application guidelines, and by the December 8th deadline eleven proposals had been submitted. These proposals were then reviewed by a panel of outside experts convened in January of this year. The panel's recommendations were considered at the February meeting of the National Council on the Humanities, and the Council's recommendation is now awaiting final action by the NEH Chairman. This is the same review process that other applications to NEH undergo.

Question: How much will you spend on the study in fiscal years 1988, 1989, and 1990? What source of funding will be used to pay for the study?

Answer: The Endowment will provide $500,000 per year over a three-year period in support of the History Center. Funding will come from NEH's Division of Education Programs.

Employee Travel Paid for by Outside Organizations

Question: Does the Endowment allow non-profit or for-profit organizations to pay for any trips made by its employees? If so, please provide for fiscal years 1985, 1986, and 1987 a listing of those trips which includes the cost, the destination, the purpose of the trip, and the organization paying for the travel. Do you have procedures in place to assure that no conflict of interest arises from this practice? Please discuss.

Answer: The Endowment has statutory authority to accept travel reimbursement from outside organizations. In the past two years, however, we have decided as a matter of policy to be more restrictive than is required under the law. The Endowment's current policy is to decline any reimbursement for travel and subsistence expenses from any institution, organization, or individual that is--or has the potential to be--an applicant to the

Endowment. The cost of staff attendance or presentations at meetings, workshops, consortia, or other invited gatherings are borne solely by the Endowment. However, staff are permitted to accept travel reimbursement on behalf of the agency if the donor has never been an NEH applicant nor does it appear that the donor ever will be. In any such instances, specific prior approval must be obtained from the NEH Chairman's office.

As the following list shows, only a handful of trips by NEH staff were paid for, in whole or in part, by outside organizations or institutions in the years FY 1985-FY 1987:

TRAVEL PAID BY OUTSIDE ORGANIZATIONS

FY 1987

Destination	Organization	Purpose	Amt. paid by Organization
Hudson, WI	Wright State University	Attend conference	N/A

FY 1986

Destination	Organization	Purpose	Amt. paid by Organization
Salt Lake City, UT	University of Utah	Speak at workshop	$100.00
Philadelphia, PA	Phila. Alliance for the Humanities	Address conference	62.00
Lewistown, ID	University of Idaho	Give seminar and speech	444.00
Kansas City, MO	N/A	Attend meeting	242.00
Durham, NH	University of New Hampshire	Give presentation	231.27
Tiffin, OH	Heidelberg College	Give presentation	166.00
Norfolk, VA	Norfolk State University	Speak at conference	23.00
San Antonio, TX	Catholic University	Give presentation	222.00
Queenstown, MD	Aspen Institute	Attend meeting	20.00
Philadelphia, PA	Rockefeller Foundation	Attend meeting	N/A
Delhi, India	Smithsonian Institution	Site visit	N/A
Baltimore, MD	Balto. City Public Schools	Attend meeting	70.00
Miami, FL	Columbus Quincentenary Com.	Attend meeting	N/A
Little Rock, AR	University of Arkansas	Serve on panel	170.00
Little Rock, AR	University of Arkansas	Serve on panel	606.00
New York, NY	New York University	Attend meeting	N/A
Oakland, CA	Wright State University	Attend meeting	N/A

FY 1985

Destination	Organization	Purpose	Amt. paid by Organization
New Paltz, NY	State University of New York	Speak at conference	$100.00
Chicago, IL	Ford Foundation	Attend meeting	146.00
Chicago, IL	Amer. Academy of Religion	Address meeting	290.28
Boston, MA	Boston University	Deliver lecture	60.00
Albuquerque, NM	University of New Mexico	Deliver lecture	340.00
Chicago, IL	Friday Club	Give speech	198.00
N. Tarrytown, NY	Rockefeller University	Participate in conference	170.00
Raleigh, NC	N. C. State University	Attend workshop	220.44
Columbus, OH	Ohio State University	Speak at conference	192.00
Alexandria, LA	Alexandria Museum of Art	Attend meetings	378.00
New Orleans, LA	Independent Schools Assoc.	Give presentation	294.00

N/A: Information not available.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Education Report

Question: In the fall of 1987, the Endowment released a major study--American Memory: A Report on the Humanities in the Nation's Public Schools. The study, done in response to Congressional mandate, concentrates on history, literature and foreign languages. It is very critical of our schools and the lack of solid education in the humanities. The report cited a variety of causes for this failure but one of the primary recommendations made in the report is the need for "hard work and determination from many individuals, institutions and communities to turn our schools around."

For its part, the Endowment has proposed two separate initiatives. First, a sabbatical leave program has been established for classroom teachers that offers the opportunity to spend up to one year pursuing independent study and research in the humanities.

Second, the Endowment will facilitate better teaching and learning in precollegiate institutions through the establishment of a history center.

I certainly agree that these are worthwhile initiatives but do they do enough to facilitate the primary recommendations of the report: "Hard work and determination from many individuals, institutions, and communities will be necessary if we are to turn our schools around."

Now that the study has been released, have you taken the opportunity to review the Endowment's education programs to see how they might facilitate the goals of the report?

How were the programs changed?

What programs were changed or initiated in response to this report?

Answer: All of the grant categories in the Education Division will contribute to furthering the recommendations of American Memory, not just the Teacher-Scholar program and the History Center. In addition, another new grant category, Masterwork Study Grants, is being offered to provide intellectual stimulation for teachers and school administrators by supporting planned study focusing on texts, historical documents, and artistic masterpieces central to the disciplines of the humanities, and by fostering better interchange between the schools and the institutions of higher education in the same geographic area.

But, not all of the Endowment's work in improving humanities education is funded through the Education Division. For example, at the suggestion of Senator Bumpers, we have increased funding for the Summer Seminars for School Teachers program in the Fellowships Division. The State Humanities Councils are also heavily involved in humanities education in our schools. A joint conference of council chairs and executive directors will meet in St. Louis on March 25-27 to discuss programs that could benefit elementary and secondary education in light of the recommendations set forth in American Memory.

Programs for the general public supported in the General Programs and State Programs divisions can have an important secondary impact on student achievement. Children's media productions, museum exhibitions, historical and biographical

dramatizations, and documentaries for television directly benefit young audiences. However, parents and other adults who are actively engaged in learning can also influence what young people learn. Endowment-sponsored programs for adults, including films, exhibitions, and library reading and discussion programs, help foster a home and community environment that reinforces students' motivation to learn.

But, the Endowment's role in funding changes in humanities education in our schools is obviously limited by the size of our budget in relation to the size of our nation's school systems. Our purpose in American Memory was not to propose a further extension of federal funding for education; it was to focus attention on the problems in our schools and on the urgency of addressing them.

Question: What was the response of the Department of Education to this report?

Answer: Nothing official, but I did receive a congratulatory note from Mr. Chester Finn, Jr., Assistant Secretary, Office of Educational Research and Improvement, and a very nice phone call from Secretary Bennett.

Reader's Digest Contribution

Question: Dewitt Wallace, founder of Reader's Digest has contributed a gift of $1.5 million in support of an effort to provide sabbatical support to outstanding school teachers. This will fund one third of the cost of the program over the next three years and will allow one teacher from each state, the District of Columbia, Puerto Rico and the Virgin Islands to increase their knowledge of the subjects they teach. In FY 1989, NEH has proposed an additional $1.0 million for this program.

Can you explain the selection process and the timing of the award?

Answer: Applicants for a Teacher-Scholar sabbatical will be required to submit a study plan that outlines an intensive examination of significant primary and secondary works in the humanities. Scholars and educators outside the Endowment will assess each application. Comments from their assessments will be presented to the National Council on the Humanities, which meets four times a year to advise the Chairman about the funding of applications. The Chairman, taking into account the advice provided by the reviewers, the division staff, and the National Council, will make the final decision.

Applications will be evaluated according to the following criteria:

- the significance and intellectual quality of the proposed study plan;
- the organization, rigor, and feasibility of the proposed study plan;
- the appropriateness of the proposed study plan to the applicant's teaching responsibilities;
- the likely impact of the study experience on the applicant's school and school district;
- the quality and availability of the academic and cultural resources needed to carry out the study plan;

- evidence that the applicant is an outstanding teacher of the humanities; and

- evidence that the applicant is well prepared to carry out significant independent study.

The schedule of the first cycle of awards is as follows:

- May 2, 1988, application deadline;

- December 1, 1988, successful applicants notified;

- Fall 1989, first Teacher-Scholar awards begin.

Question: What contingencies, if any, were placed on the Reader's Digest Award?

Answer: The Endowment has been asked to make periodic reports to Reader's Digest on the progress of the Teacher-Scholar program, and we have agreed to acknowledge the support of Reader's Digest in all publicity about the program.

Question: Where will you find the remaining funds?

Answer: In the Division of Education Programs; the FY 1989 budget includes $1 million for this purpose.

I would like to emphasize how pleased we are to have generated the $1.5 million commitment from the private sector. This gift is the largest we've ever received. We hope to be able to forge more partnerships with the private sector in support of our programs. In view of the Federal deficit and little if any projected growth in our budget, such assistance is essential, especially to fund new programs.

History Center

Question: Another initiative the Endowment is undertaking as a result of the American Memory report is the establishment of a History Center. NEH will enter into a cooperative agreement with an institution or organization to conduct research concerning the best ways to teach history in the schools, the most instructive texts and how to prepare and develop knowledgable and effective instructors. How will the research performed by the History Center be disseminated to schools? Do you anticipate entering into a cooperative agreement with one of the eleven applicants?

Answer: The specifics of the dissemination plan are just now being worked out with the University of California at Los Angeles, the recipient of the award to establish the Center. At a minimum, the Center will be expected to:

- work with teachers in the fifty states to apprise them of the findings of the Center's work and to suggest concrete projects for implementation in the classroom;

- involve each of the chief state school officers in the distribution of findings and materials emanating from the Center;

- seek the advice and participation of associations representing school boards, administrators, and state and local policymakers in carrying the news of the Center's research to key decision-makers;

- inform textbook publishers and textbook adoption committees of the results of the Center's research; and

- involve national, state, and local parents' groups in advocating more and better history instruction in the schools.

The Endowment will enter into a cooperative agreement with UCLA. The agreement will be structured to allow for significant NEH involvement in shaping the dissemination plan to help make sure the History Center's work is widely known.

Question: The FY89 budget indicates that $500,000 was included in the FY88 budget for the History Center and an additional $500,000 is requested in FY 89 for this purpose. I do not remember, however, any funds included in the original FY 88 budget for the History Center. Were the FY88 funds for the History Center reprogrammed after the Continuing Resolution was signed into law? What are the long term costs of the History Center?

Answer: The idea for the History Center was an outgrowth of our Congressionally-mandated study of humanities education, which was completed in the fall of 1987. Since the FY 1988 budget was submitted at the beginning of 1987, no funds were included for the Center at that time.

The Center will be funded for a total of three years at a total cost of $1.5 million. Fiscal year 1988 funding for the Center will not require reprogramming of NEH funds, as the $500,000 required to support the first-year operations of the Center will be absorbed within the overall budget of the Endowment's Division of Education Programs.

The work of the Center will be evaluated toward the end of its third year of operations to determine whether continued NEH support is warranted.

Christopher Columbus Quincentenary

Question: Please display for the record by program the enacted amount for FY 1988 and requested amount for FY 1989 for the Christopher Columbus Quincentenary. Please include planned amounts for FY 1990-FY 1992.

Answer: As part of the international observance or the 500th anniversary of Christopher Columbus's voyage of discovery to the New World, NEH has invited proposals for original scholarship on related topics and for the dissemination to the public of both new and existing scholarship. Although applications are being encouraged in all Endowment grantmaking categories, no funds are being specifically allocated for Columbian Quincentenary projects in FY 1989 or in FY 1990-FY 1992.

We do expect more proposals to be submitted to the Public Humanities Projects program for general audience activities relating to the Quincentenary, and this expectation is reflected in our FY 1989 budget request for the program--an increase of $500,000 above the FY 1988 level.

The Endowment is currently supporting the efforts of a variety of civic organizations and scholarly groups to plan their activities related to the Quincentenary during the 1990-1992 period. To date the Endowment has obligated $5.2 million for projects related to the Quincentenary.

General Programs

Question: The total dollar amount requested in FY89 for General Programs is approximately the same as the FY88 enacted level. You have proposed, however, that funds for the four separate programs be shifted around. In FY89 you have requested an additional $500,000 for Humanities Projects in Media and an additional $500,000 for Public Humanities Projects. These increases are funded by proposed decreases of $440,000 in Humanities Projects in Museums and Historical Organizations and $800,000 in Humanities Projects in Libraries and Archives.

The anticipated workload for the four programs seems to increase at about the same rate but the shift in funds appears to be away from specific institutions and organizations and more toward the media and general projects not restricted by institutions.

Is that an incorrect impression?

I know it is difficult but how were the decisions made to shift these funds? Specific successes in projects, the quality of applications or perhaps the ability to increase the exposure of humanities.

Answer: The allocations of funds among the four categories of the General Programs division in the Endowment's FY 1989 budget were based on several considerations. First, we looked at application quality. A comparison of the proposals currently being submitted in each of these programs suggested that, unless funds were reallocated, highly rated proposals might not be approved in the Media and Public Humanities Projects programs, and relatively less meritorious proposals would be supported in the Museums and Historical Societies and Libraries and Archives programs.

Next, we took the application success rate into account. Proposals submitted to the Media and the Public Humanities Projects programs have been funded at rates below those of the Museums and Libraries programs.

Finally, we considered the volume of applications. Owing to the Columbian Quincenteniary celebration in 1992, we anticipate an increase of 20 percent in proposals coming to the Public Humanities Projects category in FY 1989, by far the largest increase of any program in the division.

It is true that the institutional orientation of the Museums and Libraries and Archives programs is restrictive, particularly in the case of Libraries and Archives. Public libraries have limited capability to orchestrate public libraries programs; they are just not organized for that purpose. Public Humanities Projects is much more flexible, largely, as you point out, because it is not limited to supporting public programs in specific kinds of institutions. In recognition of this problem, several years ago we tried to combine the Libraries program with PHP. Congress rejected the move.

NEH support for libraries, archives, museums, and historical societies is by no means limited to the grants for public programming made in these two programs. For example, from other NEH programs in FY 1987, libraries and archives received another $5.9 million and museums and historical societies $8.3 million. Libraries and archives also were the ultimate recipients of an additional $10.8 million in grants awarded to colleges, universities, professional, and other organizations for projects in or relating to libraries and archives.

Challenge Grants

Question: In FY 1987, the Challenge Grant program received 209 applications and made 41 awards while in FY 1988 184 applications were received and 29 awards were made. Applications are expected to rise again in FY 1989 to 200 and approximately 40 awards will be made. Is there a particular reason you expect the number of applications and awards to drop in FY 1988?

Answer: Please note that applications for Challenge Grants were considered at the November 1987 Meeting of the National Council on the Humanities, thus the FY 1988 numbers are actual, not estimates.

We also were surprised by the decrease in applications for FY 1988. We think there are two basic reasons for the decline:

(1) Some potential applicants for second Challenge Grants may have been discouraged by the Endowment's new policy of requiring a 4-1 match for second-timers instead of the 3-1 match of previous years (and the current requirement of first-time recipients). In FY 1988, only 48 institutions applied for second grants, compared to 64 second-time applicants in the FY 1987 competition. The 16 fewer second-time proposals account for about 65 percent of the total decline of 25 applications in the Challenge competition for FY 1988.

We should mention that we instituted the new 4 to 1 requirement largely as a result of the concerns voiced by the Senate Appropriations Subcommittee in past years about the growing number of second-time recipients. We agree with the Subcommittee that second-time grantees should have lower priority than first-timers. The new policy should also provide an incentive for a second-timer to extend its donor base even further.

(2) The deadline for the FY 1988 competition was May 1, 1987, i.e., at a time when the stock market was bullish, and institutional endowments were in relatively good shape. Hence, there was less of a "need" for an institution to apply for a Challenge grant, which may have contributed to the drop in application volume.

The number of awards we made in FY 1988 declined compared to the awards made in FY 1987 because the average grant size jumped significantly this year. The FY 1988 applicant pool contained a number of relatively expensive projects, which had the effects of raising the average cost of grants and reducing the total number of new awards we could make.

Question: Even though applications are expected to drop in FY 1988, why not keep the number of awards level?

Answer: The number of new awards we made for FY 1988--29--was the total number of new grants we could support out of our FY 1988 appropriation.

In FY 1989, we are estimating an increase in applications because prospective second-time applicants will have had more time to adjust to the new regulations, and more institutions may find Challenge Grants more attractive after the stock market decline last October. Awards should increase in FY 1989 because we are projecting a decrease in average grant size from FY 1988. Also, in recognition of the intense competition for NEH Challenge Grants and the relatively low--for NEH--funding ratio, we are requesting an increase of $200,000 for this program in FY 1989, the only program division or office being recommended for one.

INSTITUTE OF MUSEUM SERVICES

STATEMENT OF LOIS BURKE SHEPARD, DIRECTOR

ACCOMPANIED BY:

ANNE B. BOTTERI, CHIEF OF STAFF

REBECCA DANVERS, DIRECTOR, PROGRAM OFFICE

PREPARED STATEMENT

Senator REID. The next subject for discussion is the Institute of Museum Services. Lois Burke Shepard is the principal witness. We welcome you before the subcommittee, Ms. Shepard.

The fiscal year budget request for the Institute of Museum Services was $21,944,000, the same as the fiscal year 1988. I am almost beginning to think this must be an election year with all these level funding requests.

Your complete opening statement will be included in the record.

[The statement follows:]

STATEMENT OF LOIS BURKE SHEPARD

Mr. Chairman and members of the committee, thank you for the opportunity to appear before you today to present the administration's request for fiscal year 1989.

The Institute of Musuem Services begins its second decade of service to the American people and the museum community by requesting an appropriation of $21,944,000. This figure represents our current level of funding for fiscal year 1988, and allows IMS to continue all of its functions to the museums across the country.

As you are aware, IMS is unique in two major ways. It is the only Government agency to grant funds to all types of museums (from art museums to zoos) and it is also the only Federal agency that gives general operating support [GOS].

The General Operating Support Program has awarded over $113 million in the last decade. It is the best known of the IMS grant programs and the most sought after type of grant awarded by IMS. Funds given to museums through this program have been used for everything from paying heating bills to hiring development directors who raise private sector money. IMS encourages museums to maximize the benefits of their Federal grants whenever possible. Often, museums use GOS grants for fundamental expenses, freeing other funds for educational, and outreach programs which further serve their communities.

The Museum Assessment Program provides management and collections care assessment for all types of museums. It continues to be a popular and beneficial program for many small and emerging museums. For a nominal Federal contribution, a museum is able to get expert advice on its professional practices. This advice not only helps individual museums but advances the professional standards of the field as well.

The Conservation Project Support Program, initiated by IMS in 1984, has to date granted 967 awards, totaling over $12,500,000. The current conservation grant priorities, set by the National Museum Services Board, continue the successful program changes adopted in fiscal year 1987. Over one-half of the conservation grants given last year were for conservation surveys, IMS' first funding priority for most categories of collections. IMS is pleased that its leadership in this area has prompted museums all across the country to have a better knowledge of the condition of their collections and their

environmental conditions. This knowledge will help to establish more efficient conservation management of collections.

IMS will begin the Professional Services Program this year and we look forward to receiving many excellent proposals for contracts or cooperative agreements from professional museums associations.

The administrative budget reflects a small increase in order to better carry out the functions of the agency. Since IMS carries out all of the programs mentioned above with a staff of only 15 full-time employees, it is imperative that we maintain a highly skilled and professional staff. We also depend heavily on museum professionals who serve as peer reviewers. This year's administrative budget includes funds that IMS intends to use for the enhancement of the peer review process through reviewer training seminars. These seminars, which will take place in conjunction with professional museum meetings, are designed to increase awareness of GOS procedures as well as increase the participation of highly experienced museum professionals in the grant application review process.

INTRODUCTION OF ASSOCIATES

Senator REID. If you would introduce your associates and briefly summarize your prepared statement, we will proceed to some questions.

Ms. SHEPARD. Thank you very much. It is always educational for me to hear the other submissions. I would like to introduce Rebecca Danvers, the Director of our Program Office, and Anne Botteri, who is our chief of staff, and also, at the moment, acting administrative officer since we don't have an administrative officer. We are interviewing for one. It couldn't have come at a worse time.

I would like, if I may, to summarize my opening statement and to put it in the record. As you may have noticed, it is a very brief opening statement, just to reiterate what it is that is unique about the Institute of Museum Services, why we are different from the National Endowment for the Arts and the National Endowment for the Humanities.

We are, in fact, the only Federal agency that funds all types of museums, everything from aquariums to zoos. We are also the only Federal agency that gives general operating support.

The other agencies, as you have heard, are program- and project-oriented. We give general operating support, and our other major program is for conservation support. Those are the mainstays.

We have also a small program called the Museum Assessment Program, MAP, which we feel is extremely important, although it provides small sums of money, only $1,400. It is a noncompetitive program as compared to the other programs, and benefits greatly the small emerging museums throughout the United States. We have funded just under 2,000 small and emerging museums through the MAP Program, which gives them a wonderful way to get on the ladder to begin to apply for some of our bigger grants.

This year, at the request of Congress, we will begin a new program called the Professional Services Program, which Congress funded this year for $100,000, and for which we request $250,000 in fiscal year 1989.

I would like to conclude my opening statement by saying that, yes, we did ask for a small increase in our administrative budget, but I would like to use the occasion to compliment my staff and perhaps say

something publicly about them. We have an agency of only 15 full-time employees. The output per employee and the dedication of the employees of the Institute of Museum Services, I think is something that I not only note, but I hear comments throughout the country from museum people as to their professionalism and dedication. I think we accomplish a lot for a very small amount of money.

SMALL AND RURAL STATES' AWARENESS OF INSTITUTE OF MUSEUM SERVICES PROGRAMS

Senator REID. We have asked each of the first two panels about the experience that we had previously, where we were so concerned that we put actual language in bills last year to make sure something was done for small and rural States.

Could I have your response to that?

Ms. SHEPARD. We compiled several figures on that, and I must say, West Virginia, for instance—one thing I would like to start out with before I give you some statistics on that is we took that very much to heart. We went back through our records to see who we were contacting in each of these States, to make sure they had the information to apply, because again, we can't fund any institution that doesn't apply.

Being a small agency, I do not have the luxury of sending my people to every State and to all of the museums around the country. We have to confine ourselves to going to museum association meetings of all types, not just the American Association of Museums, but the American Association of Zoological Parks and Aquariums, the American Association of State and Local History and so forth, regional museum association meetings and national museum association meetings.

We do attend some State meetings, but these States request us to come, and in these cases, we can't afford to send people unless a State invites us.

With that in mind, we made a concerted effort to send information to small and rural States; and I have just a few figures here. For instance, we mailed general operating support applications for the last grant cycle to 52 institutions in Arizona. We only received 13 of them back. But we did mail out 52. In Nevada, we mailed applications to 12 museums. We only received two completed applications. In West Virginia, we mailed out 15 GOS applications and received 3.

So, we do make an effort to let people know about the grant programs and provide them with the application forms to apply. We have also found that the percentage of our grants to small and rural States are really quite comparable to the big States. We don't award grants by State, but we award grants by discipline, such as for historic houses, art museums, zoos, or children's museums.

We have found that overall the small States really do very well in our program. When they don't, we make a concerted effort, through the American Association of Museums, to notify museums in these States of the Museum Assessment Program to prepare them for our other programs.

CONTRACTS AND COOPERATIVE AGREEMENTS WITH PROFESSIONAL MUSEUM ORGANIZATIONS

Senator REID. Fiscal year 1988 appropriations to the agency established $100,000 for a program to award contracts and cooperative agreements to national, regional, State, or local nonprofit professional museum organizations.

Has this program been established?

Ms. SHEPARD. It has, indeed. Right now the proposed regulations are in the Federal Register. The closing period is the eighth of this month. We have sent those proposed regulations to over 80 museums associations throughout the United States. We are asking for comments on them currently, and I would like Mrs. Danvers, who has really been in charge of that program, to comment on it. We have had some very, very good comments on this program.

Senator REID. Also, tell me in your response how the $250,000 requested for this program in 1989 would be used.

Ms. DANVERS. Just to reiterate, we now do only have a notice of proposed rulemaking in the Federal Register. Since we are very early in the program, we don't have a lot of hard data. What we do have, though, is a great deal of interest that has been expressed in the program through phone calls and some preliminary comments that we have already received.

Among the kinds of projects that the associations seem to be interested in coming to IMS for funding for are those that I would characterize as being able to help museums use their resources more efficiently, and in some cases, it would be the collection and sharing of data to be able to identify where resources are and how they could be used most efficiently.

At this point we really don't know how many project proposals we are going to get. Actually, the number has creeped up a bit closer to 95 organizations that we could mail the information to.

So, it is a constituency that we have not clearly identified at this point, but there is a great deal of interest in it. It is those kinds of projects that will broadly serve museums to enhance their service that we expect.

Senator REID. Give me an example of how this money will be used.

Ms. DANVERS. For example, there is one association that talked with us earlier about supporting a project that would identify what is called a common data base for that discipline of museums to use in the cataloging and inventorying of their collections. The purpose of that would be to identify areas where perhaps collecting of important artifacts was not being done, either in a region or in a specific age or ethnic group, for example, and then that would identify where the resources were.

Senator REID. Different museums could use the same data base?

Ms. DANVERS. Yes; it would be a national data base, so everyone could be using the same words to describe the same artifacts.

Senator REID. Someone talked to me about the need for a program like this. I can't remember who talked to me.

BUDGET REQUEST HISTORY

Senator REID. Your justifications indicate that your fiscal year 1989 request to OMB was $22 million, while the request to Congress totals $21,944,000. OMB allowed $186,000 over your request for general operating support. What does that increase represent? Your request for the conservation program was reduced by $322,000. What had you contemplated doing with that additional funding? Administration was reduced by $170,000. What cuts did you make in the budget because of this decrease?

Ms. SHEPARD. If the number of GOS applications and the maximum award level remain constant, this $186,000 could result in a few more GOS grants. It is impossible to predict the impact of the increase since awards are made in proportion to the institution's budget and the number of applications in a given budget category will fluctuate from year to year.

Because of the priorities assigned in awarding conservation project support funds, the conservation program request of $3,178,000 will be sufficient for IMS to meet its mandate in this program.

In fiscal year 1987—in consultation with conservation professionals—IMS developed new priorities which ask museums not having general surveys or equivalent needs assessments to first apply for surveys to assess the conditions of their collections and then for proposals to implement optimum environmental conditions for the collections. These projects are, on the average, less expensive than the later priorities which include training in conservation and treatment proposals.

While priorities for conservation project grants differ slightly according to the nature of the collection—for example, living versus nonliving—in fiscal year 1987, IMS funded a record 153 surveys, making an average award of about $13,000. Because these surveys or equivalent needs assessments must be completed before institutions apply for other priorities, we anticipate that average awards will increase only slightly if at all in fiscal years 1988 and 1989.

I will submit a copy of the conservation program priorities as set out in the 1988 guidelines for the record.

The $170,000 portion of the administrative budget was requested to enhance the peer review training program.

[The information follows:]

CONSERVATION FUNDING PRIORITIES

FUNDING PRIORITIES

For the purposes of the Conservation Project Support program, four broad categories of collections have been identified, each with separate funding priorities. The four categories are: Non-Living Collections; Systematics/Natural History Collections; Living Collections/ Animals; and Living Collections/Plants.

The funding priorities for the four categories of collections, the supporting documentation, and the specific requirements in each funding priority designated for the 1988 Conservation Project Support program are discussed below. Institutions that have collections equally or nearly equally represented within two or more categories, should contact the IMS program office to discuss the funding priorities which are appropriate for those collections. Institutions that apply for conservation activities involving discrete collections which are significantly different from the primary focus of their collections and mission, such as a zoo applying for a survey of archival materials, should apply under the funding priorities that pertain to the discrete collection. Institutions that are considering applying for such discrete collections should contact the Program Office staff prior to application to verify the appropriateness of the category. For museums that apply as members of a consortium for types of projects having lower funding priorities, such as training or research activities for most categories of collections, the submission of surveys of collections and environmental conditions as supporting documentation are not required. Consortium applications for provision of optimum environmental conditions and conservation treatment of collections generally are not encouraged.

All appropriate conservation projects will be considered. Individual museums within any of the four categories of collections may already have accomplished the activities identified in higher funding priority categories, or may not have the facilities to engage in activities in higher priority categories such as staff training or research in the conservation of natural history collections. In those instances, the applicant should submit a project in a lower priority category and support in the application narrative the appropriateness of the project for the museum. Applications which are appropriate to the applicant museum and which meet all application requirements will likely receive equal consideration with projects of higher priority in that category.

CATEGORIES OF COLLECTIONS AND SPECIFIC REQUIREMENTS

An applicant may appropriately include in the project activities the services of a conservation professional whose resume indicates formal training or advanced experience in conservation of non-living objects, systematics/natural history objects, living animals, or living plants. Generally, formal academic training in a subject area alone (such as biology, history, art history, or engineering) or curatorial training or experience alone will not serve as adequate conservation qualifications for the purposes of the IMS Conservation Project Support program.

NON-LIVING COLLECTIONS

This category includes collections usually found in art, history, children's and general museums, historic houses and sites, and science/technology centers.

Project types in order of priority:

PRIORITY 1. Survey of collections and environmental conditions, including development of long-range conservation plans.

A general conservation survey is an overall assessment of the museum's collections and environmental conditions; it is an overview of the entire collection which broadly identifies potential threats and areas of acute need, and assists in the development of a long-range conservation plan.

Applicants that do not have a general conservation survey of the museum's collections and environmental conditions conducted by a conservation professional should apply for a general survey. (Note: A MAP II survey does not fulfill the requirements of a general conservation survey.) Applicants in this category are strongly advised to include as one component of the survey project the development of written long-range conservation plans with assistance from conservation professionals, or the evaluation of existing written long-range conservation plans with assistance from conservation professionals.

Applicants that have completed general surveys conducted by qualified conservation professionals may apply for specific condition surveys of all or part of the collections. Applicants are advised not to apply for a detailed condition survey until a general conservation survey of the museum has been completed which supports conducting a detailed survey as a conservation priority. A detailed condition survey is an item-by-item examination of all or part of the museum's collections; it provides systematic documentation of the condition of individual objects, sets treatment priorities, and determines the resources and time necessary for treatment. If an applicant has determined that a general survey is inappropriate or unnecessary, supporting documentation, such as a long-range conservation plan, must be provided.

It is strongly recommended that the museum's curatorial staff be integrally involved in the survey activities. The cost of conservation consultants and staff time, such as curatorial or registrarial staff, to conduct the general conservation survey may be supported by IMS funds. Staff activities to inventory and/or catalogue the collections *in conjunction with a general conservation survey* may be included as all or part of the applicant match. Applicants may include in proposals for surveys requests for equipment to monitor environmental conditions and for basic conservation supplies as necessary for simple rehousing activities undertaken in conjunction with survey activities.

Supporting Documentation: Survey of collections and environmental conditions

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)

Suggested: Any previous surveys conducted
Sample of survey form to be used or sample of similar conservation survey previously completed by consultant or conservation professional

PRIORITY 2. Provision, insofar as practicable, of optimum environmental conditions.

Protective environmental conditions are essential to prevent deterioration of collections. Applicants submitting proposals to implement optimum environmental conditions must include copies of general surveys of collections and environmental conditions conducted by a conservator or conservation professional. The surveys should clearly document the current environmental conditions and indicate appropriate activities to improve the conditions.

Applicants may include in the project budget as all or part of the applicant match the cost of staff time for planning and implementing optimum environmental conditions.

Note: Projects involving the installation or improvement of heating, ventilation, and air conditioning (HVAC) systems in existing buildings are generally eligible for IMS funding. However, activities associated with the installation of HVAC systems in *new* construction are normally not funded under the IMS Conservation Project Support grant program.

Supporting Documentation: Provision of Optimum Environmental Conditions

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s)
General conservation survey of collections and environmental conditions

Suggested: Any previous surveys of environmental conditions
Long range conservation plan
Product literature and comparative bids for major project purchases or contracts
Photographs of environment to be improved

PRIORITY 3. Training of museum staff in conservation.

Applicants are encouraged to submit proposals for projects to train museum staff in appropriate conservation techniques and standards. Training projects may be for a range of training environments such as for a single individual in an internship position or to attend workshops and seminars or for a group of individuals responsible for collections care in one or more museums. Applications for training must indicate how the level of training requested is appropriate within the museum's ongoing conservation activities. Applications should demonstrate that the individuals providing the training are fully qualified to do so, and that the individuals receiving the training will use that training to directly contribute to the care of the museum's collections or will contribute significantly to collections care in other museums with non-living collections. The applicant match may include the cost of the staff salary during the time designated to training activities.

Supporting Documentation: Training of museum staff

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions
Description of training curriculum

Suggested: Long range conservation plan

PRIORITY 4. Research for improved conservation techniques.

Exemplary proposals to conduct research that would add new knowledge about materials, the development of improved or less costly conservation techniques or training methods, or the investigation of techniques to improve collections environments are encouraged. Proposals should document in the application narrative the plan for dissemination and/or the wide-spread applicability of the research results. Applicants should indicate the appropriateness of the research to the museum's ongoing conservation activities. Applicants

should document a successful history of research activity or provide other indication of the likely success of the proposed research project. The cost of consultants may be supported with IMS funds, but support for permanent staff salary participation in the research activities should be included as the applicant match only.

Applicants that do not have the resources to conduct research in conservation techniques and practices, but have reached the advanced stage of conservation activity, may appropriately apply for projects for conservation treatment of collections and should document the appropriateness of the application for treatment over research in the application narrative.

Supporting Documentation: Research for improved conservation techniques

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions

Suggested: Publications of previous research results
Long range conservation plan

PRIORITY 5. Treatment of museum collections.

Conservation treatment of museum collections should appropriately follow general and specific surveys of collections conditions, provision in so far as practical of optimum environmental collections, and appropriate conservation training of museum staff. Conservation treatment of collections should be appropriate to the identified long term conservation needs and priorities of the museum

The project budget should indicate the cost of treatment calculated on a daily or hourly rate. The project budget should not charge the cost of museum staff time for project activities to the IMS share of the proposal unless the project activities significantly advance the museum's long range conservation plan or supplement ongoing conservation activities. Proposals for treatment of collections may include the cost of services by staff conservators, private conservation professionals, and regional conservation centers.

IMS recognizes that a need for treatment may arise from unforeseen or emergency situations, however, treatment in preparation for temporary or permanent exhibitions does not constitute such a need.

Supporting Documentation: Treatment of Museum Collections

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions
Fully detailed condition reports of each object or group of like objects
Fully detailed treatment proposals for each object or group of like objects

Suggested: Visual documentation of condition of representative object(s)
Long-range conservation plan

SYSTEMATICS/NATURAL HISTORY COLLECTIONS

These collections are usually found in natural history museums and in some general museums, zoos, botanical gardens and arboretums, nature centers, and science/technology centers. These priorities reflect the conservation needs of systematics/natural history collections as a whole. Individual museums that do not have the capability to apply for higher funding priority projects (such as staff training or research) may appropriately apply for projects having lower funding priority (such as provision of optimum environmental conditions) and should document the appropriateness of the project within the museum's long-range conservation plan.

Project types in order of priority:

PRIORITY 1. Survey of collections and environmental conditions, including development of long-range conservation plans.

A general conservation survey is an overall assessment of the museum's collections and environmental conditions; it is an overview of the entire collection which broadly identifies potential threats and areas of acute need, and assists in the development of a long-range conservation plan.

Applicants that do not have a general conservation survey of the museum's collections and environmental conditions conducted by a conservation professional should apply for a general survey. (Note: A MAP II survey does not fulfull the requirements of a general conservation survey.) Applicants in this category are strongly advised to include as one component of the survey project the development of written long-range conservation plans with assistance from conservation professionals, or the evaluation of existing written long-range conservation plans with assistance from conservation professionals.

Applicants that have completed general surveys conducted by qualified conservation professionals may apply for specific condition surveys of all or part of the collections. Applicants are advised not to apply for a detailed condition survey until a general conservation survey of the museum has been completed which supports conducting a detailed survey as a conservation priority. A detailed condition survey is an item-by-item examination of all or part of the museum's collections; it provides systematic documentation of the condition of individual objects, sets treatment priorities, and determines the resources and time necessary for treatment. If an applicant has determined that a general survey is inappropriate or unnecessary, supporting documentation, such as a long-range conservation plan, must be provided.

It is strongly recommended that the museum's curatorial staff collections management staff be integrally involved in the survey activities. The cost of conservation consultants and staff time, such as curatorial or registrarial staff, to conduct the general conservation survey may be supported by IMS funds. Staff activities to inventory and/or catalogue the collections *in conjunction with a general conservation survey* may be included as all or part of the applicant match. Resumes of conservation consultants or staff conducting the survey should provide clear evidence that the individual has appropriate expertise and experience in the conservation care of systematics/natural history collections. Applicants may include in proposals for surveys requests for equipment to monitor environmental conditions and for basic conservation supplies for simple rehousing activities undertaken in conjunction with survey activities.

Supporting Documentation: Survey of Collections and Environmental Conditions

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)

Suggested: Sample of survey form to be used or of similar conservation survey previously completed by consultant or conservation professional

PRIORITY 2. Training of museum staff in conservation, including education of museum staff in the need for conservation practices.

Training of curatorial and collections management staff in identifying present or potential hazard to collections and areas in which collections would benefit from conservation activities is fundamental for basic collections care. Applicants are encouraged to develop training projects for museum staff and projects that would benefit staff of other institutions with similar collections. Applications should demonstrate that the individuals providing the training are fully qualified to do so, and the individuals receiving the training will use that training to directly contribute to the care of the museum's collections, or to contribute significantly to collections care in other museums with systematics/natural history collections. Applicants may include as all or part of the applicant match in the project budget the cost of staff designated to project activities.

Supporting Documentation: Training of Museum Staff

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
Description of training curriculum

PRIORITY 3. Research in improved conservation techniques, including the identification of agents of deterioration.

Proposals for basic research to identify factors that contribute to the deterioration of systematics/natural history collections, techniques to control deterioration, or the investigation of techniques to improve collections environments are encouraged. Proposals for research projects should place the research activity within the context of current research activity related to the project. Applicants should document a successful history of research activity or provide other indication of the likely success of the proposed research project. Proposals should document the plan for dissemination and/or the wide-spread applicability of the research results. The cost of consultants may be supported with IMS funds. Salary support for permanent staff participation in the research activities may be included as the applicant match only.

Supporting Documentation: Research for Improved Conservation Techniques

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)

Suggested: Publications of previous research results
Long range conservation plan

PRIORITY 4. Provision, insofar as practicable, of optimum environmental conditions.

Protective environmental conditions are essential to prevent deterioration of collections. Applicants submitting proposals for provision of environmental conditions must include copies of surveys of collections and environmental conditions. Applicants may include in the project budget as the applicant match the cost of staff time for planning and implementing optimum environmental conditions. Note: Projects involving the installation or improvement of heating, ventilation, and air conditioning (HVAC) systems in existing buildings are generally eligible for IMS funding. However, activities associated with the installation of HVAC systems in *new* construction are normally not funded under the IMS Conservation Project Support grant program.

Supporting Documentation: Provision of Optimum Environmental Conditions

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions

Suggested: Product literature and comparative bids for major purchases or contracts
Photographs of environment to be improved
Long range conservation plan

PRIORITY 5. Treatment of museum collections.

Conservation treatment of a museum's collection should follow general and specific surveys of collections conditions, appropriate conservation training of museum staff, research in improving conservation techniques, and provision in so far as practicable, of optimum environmental conditions. Conservation treatment of the collections should be appropriate to the identified long-term conservation needs and priorities of the museum.

The project budget should indicate the cost of treatment calculated on a daily or hourly rate. The project budget should not charge the cost of museum staff time for project activities to the IMS share of the proposal unless the project activities significantly advance the museum's long range conservation plan or supplement ongoing conservation activities. Proposals for treatment of collections may include the cost of staff conservators, private conservation professionals, and regional conservation centers. IMS recognizes that a need for treatment may arise from unforeseen or emergency situations; however, treatment in preparation for temporary or permanent exhibitions does not constitute such a need.

Supporting Documentation: Treatment of Museum Collections

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions
Fully detailed condition reports of each object or group of like objects
Fully detailed treatment proposals of each object or group of like objects

Suggested: Visual documentation of condition of representative object(s)
Current written long range conservation plan

LIVING COLLECTIONS/ANIMALS

These collections are usually found in zoos, aquariums, and nature centers. Species survival activities are normally submitted as research projects. If acquisition of individuals of a species already represented in the collection is necessary for species survival activities, the application narrative should clearly document the necessity and the appropriateness of that activity and the costs should be included as part of the applicant match only. Projects to acquire species not represented in the museum's collection are not eligible. Since the proper care for living collections/animals requires accurate knowledge of the health of the individuals and treatment as necessary for ongoing general operations, projects for survey and treatment of animal collections normally will not be considered for IMS Conservation Project Support.

Project types in order of priority:

PRIORITY 1. Research for improved conservation techniques.

Proposals for research projects for species survival activities for living collections/animals that have wide applicability, that provide improved conservation management tools, or that address new areas of endeavor are encouraged. Proposals for research projects should place the research activity within the context of current research activity related to the project. Applicants should document a successful history of research activity or provide other indication of the likely success of the proposed research project. Proposals should document in the application narrative the plan for dissemination and/or the wide-spread applicability of the research results. As research is the first priority for living collections/animals, the cost of staff time for research activities for the conservation project may be charged to IMS funds.

Supporting Documentation: Research for Improved Conservation Techniques

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
Bibliography of literature search

Suggested: Publications of previous research results

PRIORITY 2. Provision, insofar as practicable, of optimum environmental conditions to enhance husbandry of captive animal collections.

Proposals to implement optimum environmental conditions for living collections/animals must demonstrate that the proposed activity is specifically and immediately required for the captive husbandry of the species involved. Projects to enhance housing for aesthetic or educational purposes only are not eligible. IMS funds may be used for the renovation of existing housing which significantly enhances the environmental conditions appropriate to the species in question. The costs for *new* construction may not be included in the project budget as a cost to IMS or as part of the applicant match.

Supporting Documentation: Provision of Optimum Environmental Conditions

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)

Suggested: Product literature and comparative bids for major purchases or contracts
Photographs of environment to be improved

PRIORITY 3. Training of museum staff in conservation.

Applicants are encouraged to submit proposals for projects to train museum staff in appropriate conservation techniques and standards. Applications for training should indicate how the level of training requested is appropriate within the museum's ongoing conservation activities. Applications should demonstrate that the individuals providing the training are fully qualified to do so, and that the individuals receiving the training will use that training to directly contribute to the care of the museum's collections or to contribute significantly to collections care in other museums with live animal collections. The applicant match may include the cost of the staff salary during the time designated to training activities.

Supporting Documentation: Training of Museum Staff

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
Bibliography of literature search
Description of training curriculum

LIVING COLLECTIONS/PLANTS

These collections are usually found in botanical gardens, arboretums, and nature centers. If acquisition of individuals of a species already represented in the collections is necessary for species survival activities, the application narrative should clearly document the necessity and the appropriateness of that activity and the costs should be included as part of the applicant match only. Projects to acquire species not represented in the museum collection are not eligible.

Project types in order of priority:

PRIORITY 1. Survey of collections and environmental and site conditions.

A general conservation survey is an overall assessment of the museum's collections and environmental and site conditions; it is an overview of the entire collection which broadly identifies potential threats and areas of acute need, and assists in the development of a long-range conservation plan.

Applicants that do not have a general conservation survey of the museum's collections and environmental and site conditions conducted by a conservation professional should apply for a general survey. (Note: A MAP II survey does not fulfill the requirements of a general conservation survey.) Applicants in this category are strongly advised to include as one component of the survey project the development of written long-range conservation plans

with assistance from conservation professionals, or the evaluation of existing written long-range conservation plans with assistance from conservation professionals.

Applicants that have completed general surveys conducted by qualified conservation professionals may apply for specific condition surveys of all or part of the collections. Applicants are advised not to apply for a detailed condition survey until a general conservation survey of the museum has been completed which supports conducting a detailed survey as a conservation priority. A detailed condition survey is an item-by-item examination of all or part of the museum's collections; it provides systematic documentation of the condition of individual objects, sets treatment priorities, and determines the resources and time necessary for treatment. If an applicant has determined that a general survey is inappropriate or unnecessary, supporting documentation, such as a long-range conservation plan, must be provided.

It is strongly recommended that the museum's curatorial staff be integrally involved in the survey activities. The cost of consultants and staff time to conduct the general conservation survey may be supported by IMS funds. Staff activities to inventory and catalogue the collections may be included as part of the applicant match only as conducted in conjunction with a general conservation survey. The project budget should not include the cost of acquisition of species not presently represented in the collections.

Supporting Documentation: Survey of Collections and Environmental and Site Conditions

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)

Suggested: Sample of survey form to be used or of similar conservation survey previously completed by consultant or conservation professional

PRIORITY 2. Treatment of museum collections.

Treatment of living collections/plants appropriately follows a general and specific survey of collections and environmental and site conditions, and the development of a long range conservation plan. Applicants should clearly distinguish the difference between conservation treatment of collections and ongoing maintenance of collections.

The project budget should indicate the cost of treatment calculated on a daily or hourly rate. Museum staff time for project activities may not be charged to IMS funds unless the project activities significantly advance the museum's long range conservation plan or supplement ongoing conservation activities.

Supporting Documentation: Treatment of Museum Collections

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions
Fully detailed condition reports of each object or group of like objects
Fully detailed treatment proposals for each object or group of like objects

Suggested: Long range conservation plan

PRIORITY 3. Provision, insofar as practicable, of optimum environmental conditions for enhanced perpetuation of the collection.

Proposals for the provision of optimum environmental conditions for living collections/plants must demonstrate that the proposed activity is specifically and immediately required for the perpetuation of the species involved. Applicants may include in the project budget as the applicant match the cost of staff time for planning and implementing optimum environmental conditions. Projects to enhance the environment for aesthetic or educational purposes only are not eligible. IMS funds may be used for the renovation of existing housing which significantly enhances the environmental conditions appropriate to the species in question. The costs for new construction may not be included in the project budget as a cost to IMS or as part of the applicant match.

Supporting Documentation: Provision of Optimum Environmental Conditions

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions

Suggested: Product literature and comparative bids for major purchases or contracts
Photographs of environment to be improved
Long range conservation plan

PRIORITY 4. Training of museum staff in conservation.

Applicants may submit proposals for projects to train museum staff in appropriate conservation techniques and standards that will improve conservation management of the collections. Applications for training should indicate how the level of training requested is appropriate within the museum's ongoing conservation activities. Applications should demonstrate that the individuals providing the training are fully qualified to do so, and that the individuals receiving the training will use that training to directly contribute to the care of the museum's collections or to contribute significantly to collections care in other museums with living collections. The applicant match may include the cost of the staff salary during the time designated to training activities.

Supporting Documentation: Training of Museum Staff

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)
General conservation survey of collections and environmental conditions
Description of training curriculum

Suggested: Long range conservation plan

PRIORITY 5. Research for improved conservation techniques.

Exemplary proposals to conduct research that would add new knowledge on species survival activities, the development of improved or less costly conservation techniques or training methods, or the investigation of improved conservation management techniques are encouraged. Proposals should document in the application narrative the plan for the dissemination and/or the wide-spread applicability of the research results. Applicants should

indicate the appropriateness of the research to the ongoing conservation activities. Proposals for research projects should place the research activity within the context of current research activity related to the project. Applicants should document a successful history of research activity or provide other indication of the likely success of the proposed research project.

Supporting Documentation: Research for Improved Conservation Techniques

Required: Resumes of key personnel (or a detailed position description if the personnel have not been identified at the time of application)
Letter(s) of commitment from project consultant(s) and conservation professional(s) (if identified)

Suggested: Publications of previous research results
Long range conservation plan

GENERAL OPERATING SUPPORT REQUEST

Senator REID. Your justifications indicate your 1989 request was $22 million to OMB, while the request to Congress totals $21,944,000. OMB allowed about $186,000 over your request for general operating support.

What does that increase represent?

Ms. SHEPARD. For general operating support?

Senator REID. Yes.

Ms. SHEPARD. As I indicated in my opening statement, general operating support is really the mainstay of the Institute of Museum Services. I think you will note that that overall, money came out of the Conservation Project Support Program budget as opposed to the general operating support program budget. The reason for that was simply one of reality. When we submitted our budget request to OMB, that request was due by September 1, and we did not have the figures of what we actually spent in 1987 for the conservation program as opposed to the general operating support program. When we received these the figures from OMB and submitted our figures to Congress, we realized that in 1987, we had spent $3.2 million on the conservation program.

We reprogrammed money from the conservation program into the general operating support program. We anticipate the program to be at almost the same level this year. Rather than asking for more money in conservation and having to reprogram, we put it in general operating support.

FEDERAL SUPPORT FOR MUSEUMS SURVEY

Senator REID. The 1985 reauthorization legislation for the National Foundation on the Arts and the Humanities authorized the Federal Council on the Arts and the Humanities to conduct a survey on the nature and level of Federal support for museums. I understand that the Institute of Museum Services, on behalf of and at the request of the Federal Council, undertook this survey.

How far along is IMS with this survey? Do you know what findings there have been?

Ms. SHEPARD. Yes; I am able to tell you the survey will be delivered to the Congress tomorrow morning. It is back from the printer and ready to come out tomorrow.

Senator REID. What does it say?

Ms. SHEPARD. It is a very interesting survey, in that I think it will serve both the needs of the Congress and museum field. It says to the Congress that the money being spent by the Federal Government is being spent for many, many different types of support for museums from different agencies, and that, in fact, there is virtually no overlap. There is negligible, less than 1 percent, overlap in the funds, which we found very interesting, because we were interested in what all the other agencies were doing, what the Arts Endowment and the Humanities Endowment as well as Education and Labor and Defense and everybody else were doing for museums.

I think it will be a wonderful resource for museums throughout the United States, and we plan to put this through the Federal Depository Library System throughout the United States as a resource for museums. They can look at this and say, this is who I go to for this type of funding, or this is what is available now, and they can also perhaps see holes in it of what is not available and what they might want eventually to ask for.

But we found that there is a rich variety of programs being sponsored for museums by the U.S. Government, and that, in fact, it is going a long way.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. Good. We have a lot of other questions that we have asked that you answer at your convenience, and we submit those to you in writing. We really appreciate your time and being as well prepared as you have been. You passed with flying colors. We look forward to seeing you next year.

Ms. SHEPARD. Thank you.

[The following questions were not asked at the hearing but were submitted to the Institute for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

CONSERVATION PROJECT SUPPORT PROGRAM

Question: The Conservation Project Support program awards grants to address the basic conservation needs of all types of museum collections. In FY 1987, the National Museum Services Board established general conservation surveys as a first funding priority. Please explain this and indicate the impact on the program.

Answer: In 1985, the survey "Collections Management, Maintenance and Conservation," indicated that, among respondent museums, the conditions of 40% of their collections was unknown. This high percentage was disturbing to those committed to the well-being of all museum collections. In addition, in the early years of the IMS Conservation Project Support program, museums most often requested grants for expensive collection treatment proposals. While these were worthwhile projects, it became apparent to IMS, conservators and museum staff that many museums were not in a position to conduct treatment activities until they implemented overall institutional conservation plans. To confront this issue, IMS modified its conservation program to encourage museums to develop their own overall institutional conservation plans. A logical first step in an overall plan, and one which fosters a reasoned approach to conservation management, is to conduct a general conservation survey to determine the conditions of the collections and environments before moving on to more advanced conservation activities. Among the FY 1987 Conservation Project Support awards, IMS funded 153 conservation surveys, the largest number in the program's history. Through this activity, we believe that IMS is addressing a real need among museums in helping them care for their collections.

LONG RANGE CONSERVATION PLANS

Question: When grantee museums have conducted their general conservation surveys and are prepared to move on to more advanced conservation activities, what types of projects will they be able to apply for through the IMS conservation program?

Answer: The second funding priority for non-living collections, which comprise the vast majority of collections in the museums which apply to IMS, is the establishment of the proper environment to ensure that museum collections are appropriately protected in storage and on exhibition. The establishment of appropriate environmental controls in museums that do not already have them, however, is an expensive undertaking. Although IMS will continue to administer the conservation program on a matching funds basis (IMS matching to a maximum of $25,000), as museums complete their general surveys and begin to apply for funding to implement proper environmental control, the funding requests will most likely be for more money. Last year, the average conservation grant was for almost $13,000. As museums get some of the fundamental conservation concerns under control, other projects likely to be funded by IMS may involve specific surveys of particular portions of

collections, conservation training, and the treatment of specific objects in museum collections.

CONTRACTS AND COOPERATIVE AGREEMENTS WITH PROFESSIONAL MUSEUM ORGANIZATIONS

Question: The FY 88 appropriations to the agency established $100,000 for a program to award contracts and cooperative agreements to national, regional, state, or local non-profit professional museum organizations. What has IMS done to establish this program and how would the $250,000 for this program in FY 89 be used?

Answer: The IMS has published proposed regulations regarding the Professional Services Program (PSP) in the Federal Register and has notified the museum association community about the program. The closing period for public comment on the proposed regulations was March 7, 1988 and IMS will soon issue guidelines and accept proposals for FY 88. The public comments we have received so far have been supportive of the program and we anticipate many important proposals. The IMS staff is prepared to discuss proposals with prospective applicants and we expect the program to get under way later in the spring and early summer. Although IMS did not request this year's appropriation for this program, I am pleased that it will be administered through the agency. All of the current IMS programs, General Operating Support, Conservation Project Support, and the Museum Assessment Program, are available to individual museums. Only a very small percentage of our grants, mainly Conservation Project Support grants, are used by individual museums for programs that will affect whole segments of the museum community. The Professional Services Program will enable IMS to fund worthwhile projects that will strengthen museum services throughout the museum community. These projects may involve programs to educate museum professionals in improved standards of museum management, research or surveys to determine effective methods to provide museum services, and other projects to improve museum management and operational capabilities.

The increase in the FY 1989 request, to $250,000, would provide the agency with greater ability to match funds raised by the museum organizations applying to this program. The additional funding would allow more organizations to develop proposals that strengthen museum services thus providing greater benefits to museums.

PEER REVIEW TRAINING

Question: In the IMS FY 89 budget request, you indicate that you would like to establish a peer review training program for the grant application reviewers who assist IMS in the evaluation process. If the IMS grant review process is as good as you hold it to be, what is the need for a training program for your grant reviewers.

Answer: I firmly believe that the IMS grant evaluation process currently in place is as fair and unbiased a procedure as you will find anywhere. However, the museum professionals who evaluate the IMS grant applications have varied backgrounds such

as development directors and curators. The pool of museum professionals that we use is composed of different elements of the museum community with differing skills and expertise. Like many professional training programs for all types of professions, it is our intent, to further develop and improve the standards by which our applications are reviewed and to help reviewers address problems and issues common to all application reviewers. I believe that such a program, designed to improve the standards of grant evaluation, would be beneficial to the grant application reviewers who volunteer to serve in this capacity and for the museums whose applications are reviewed.

FEDERAL SUPPORT FOR MUSEUMS

Question: The 1985 reauthorization legislation for the National Foundation on the Arts and the Humanities authorized the Federal Council on the Arts and the Humanities to conduct a survey on the nature and level of federal support for museums. I understand that the Institute of Museum Services, on behalf of and at the request of the Federal Council, undertook this survey. How far along is IMS with this survey and what have been the findings?

Answer: The Institute of Museum Services, on behalf of the Federal Council on the Arts and the Humanities, has completed the survey of federal support to museums requested in the 1985 reauthorization. The survey will serve as a reference to many museums and museum organizations clarifying the differences in the kinds and levels of federal support to museums. Our findings also reveal that there is virtually no overlap of federal funds for the same museum activities. For the purposes of this survey, overlap is defined as "concurrent support for the same museum project or the same activity within a museum project by two or more federal agencies, departments or programs. By comparison of 1985 and 1986 federal support for museums, the Institute of Museum Services received more applications from museums, made more awards to museums and gave more money to museums than any other federal agency.

MISCELLANEOUS CONTRACTS

Question: The 1989 Budget includes $144,000 for miscellaneous contracts. Would you describe the activities funded under this item? Please provide for the record a listing of your miscellaneous contracts for Fiscal years 1987, 1988, and 1989. Include a dollar amount and justification for each item listed.

Answer: The miscellaneous contracts portion of IMS' 1989 Budget Request covers a large array of services on which IMS, as a small federal agency, is dependent.

The largest miscellaneous contract of the IMS is its cross-servicing agreement with the National Endowment For The Humanities. In FY 1987, IMS spent $74,000 on this agreement which provided such services as personnel, accounting,

ADP, mail pickup and delivery, and other administrative functions. IMS is thoroughly dependent on this contract as a means of maintaining its low administrative overhead and FTE ceiling.

Other types of miscellaneous contracts include:

- *legal services
- *transcription services
- *computer programming
- *electrical services
- *outside accounting of grant applications
- *transportation services
- *telephone maintenance
- *professional journals/ subscriptions
- *typesetting services
- *photographic services
- *short-term labor (e.g. moving furniture)
- *short-term consulting services

In 1988, IMS has assumed it will spend approximately $78,000 in its interagency agreement with the National Endowment For The Humanities.

In FY 1988, IMS will spend approximately $25,000 in miscellaneous items such as those services listed above.

The rest of this item category will be used to fund two pilot programs in IMS' Peer Review Training project (mentioned in question on Budget History). In conjunction with two national museum association meetings (American Association of Botanical Gardens and Arboreta and American Association of State and Local History), IMS is planning these pilot programs featuring discussion of the process and objectives of the peer review system and training of present and potential reviews. These seminars will examine both the process of peer review, its fundamental importance to a competitive grant program and the high professional standards that IMS seeks to maintain in the peer review process. Miscellaneous contracts for this endeavor will include production of materials, travel of consultants and analysis of the potential for impact of implementing such a program on a national level in FY 1990.

Attached is an overview of miscellaneous contracts executed in FY 1987 and FY 1988.

Overview of Miscellaneous Contracts
1987

Interagency Agreement with NEH	$74,000
Computer Programming (to enhance existing systems)	$ 1,600
Transcription Services for meetings of the National Museum Services Board	$ 1,800
Coopers and Lybrand (accounting)	$ 3,000

Legal Counsel* (*this was for only a portion of FY 1987 and will rise in FY 1988)	$ 765
GSA Payroll Services	$ 1,400
Short-term office laborers (moving furniture, equipment installation, etc.)	$ 900
Professional Journals and Subscriptions	$ 300
Consulting Contract to Advise NMSB on policy regarding program implementation of peer review training	$ 2,800
Electrical Wiring Work	$ 800
Transportation Services (local and out-of-town Board meetings and official agency business)	$ 1,832
Consulting Contract on Compliance with Federal Regulation on Access for the Disabled	$ 600
Link-up with Treasury Computer	$ 1,000
Other Miscellaneous Contracts (unexpected items that come up throughout the year)	$ 2,924
	$93,721

Overview of Miscellaneous Contracts
1988

Interagency Agreement with NEH	$78,000
National News Clipping Service (to measure accuracy of public affairs efforts)	$ 2,500
Legal Services	$ 3,000
Computer Programming	$ 3,000
Transfer of Grounded Cable	$ 372
Mailings to Business Committee on the Arts (3 @ $274 each)	$ 822
Production of Congressionally-mandated Survey	$ 300
Calligraphy Services for Reviewer Centificates	$ 691

Xerox Maintenance	$ 100
Typesetting (MAP application)	$ 400
Consulting Contract for Reconfiguration of office space	$ 600
Coopers and Lybrand (accounting)	$ 3,000
Microphones/Recording Equipment for Panel Meetings	$ 157
Awards made in conjunction with IMS' Tenth Anniversary	$ 670
Transportation Services (out-of-town National Museum Service Board Meetings and official agency business)	$ 2,500
GSA Payroll Services	$ 1,400
Link-up to Treasury Computer	$ 1,000
Outside Mailing Services	$ 528
Professional Journals and Subscriptions	$ 300
Short-term Laborers	$ 500
Miscellaneous Consulting Services	$ 2,000
Contracts Related to Peer Reviewer Training Program	$36,160
Contracts for Panel to review PSP applications and recommend awards	$ 6,000
	$144,000

STAFF TRAVEL

Question: Your request in 1989 for staff travel amounts to almost $2,200 for each employee in grade GS-09 and above. Would you please explain to the subcommittee why this level of travel is necessary? Please provide for the record, consistent with the privacy act requirements, a listing of staff trips made in FY 1987. Include the date of the trip, the destination, the cost, and a justification for the trip.

Answer: Staff travel at IMS is done primarily to attend national and regional meetings of museum associations to provide counseling services to current and prospective applicants. The benefit of attending these meetings is twofold; it allows IMS to maximize its travel budget (reaching a larger and more diverse group of applicants),

and it allows museum professionals to receive the benefit of guidance and information without having to make a separate trip to Washington. In addition to counseling services, agency program staff regularly serve as seminar coordinators on a wide range of issues relevant to the grants making function of the agency. The number of staff sent to a given meeting is determined by the size of the constituency to be served at that meeting.

Travel priorities are set well in advance, using careful planning to ensure that the largest possible number of museums are reached in a given fiscal year. A separate, but nonetheless important function of the travel budget is that IMS is able to receive a wide range of input from the museum field as to the programs, priorities and policies of the agency. Since the current procedures used to process grant applications are largely the result of input from the museum field, it is important that IMS keep abreast of ever-changing museum practices and priorities in order to administer the most effective programs for all disciplines of museums.

Some travel is done, at the request of state museum associations, to states which have historically not submitted a large number of competitive applications. It is anticipated that this practice will continue in FY 1989. Other travel done by IMS staff includes the Director's travel to meet with and/or address museum representatives or constituencies and staff travel to out-of-town meetings of the National Museum Services Board. A small portion of the travel budget is used for travel to and from sites of professional development seminars. Some travel is anticipated in FY 1988 and FY 1989 in conjunction with making the awards in both the General Operating Support and Conservation Project support categories.

While the average per person expenditure for travel may appear high that is due to the fact that with only 15 full-time employees, two thirds of the staff travel at some point in any given fiscal year. In FY 1987, the actual average per trip cost was $632.84. A total of 30 trips were made for all types of travel as listed above. IMS' FY 1989 request will allow travel expenditures to remain fairly constant with previous fiscal years.

It should be noted that IMS serves only museums. The agency works with 13 different categories of museums, most with their own associations and unique problems. Because of existing agency policy which restricts travel to meetings which serve a significant cross section of a given museum constituency, IMS has a very high ratio of staff to museums contacted at any meeting. For example, if a staff member attends the American Association of Museums annual meeting serving thousands of museums and is one of three IMS staff present, the potential exists for one staff member to counsel hundreds of museums. For the cost of one trip, IMS has eliminated the need for travel to individual institutions engaging in costly site visits with limited national or regional proportions.

The following is a list of travel done by IMS staff in FY 1987.

LOCATION/DATES/PURPOSE/COST

Wash., DC to Richmond, VA. 10/9-10/11
To attend the American Association of Museums Trustee's Meeting
$230.00

Wash., DC to Tempe, AZ 10/10-10/12
To attend Arizona State Museum Coordinating Committee
$560.00

Wash., DC to Bretton Woods,NH 10/16-10/17
To attend the New England Museum Association conference
$240.00

Wash., DC to Los Angeles, CA 10/18-10/20
To attend the Association of Science-Technology Centers meeting
$720.00

Wash., DC to Louisville, KY Louisville to Los Angeles
10/15-17, 10/18-21
To attend the South Eastern Museum Conference and the
Association of Science-Technology Centers Conference
$1,390.00

Wash., DC to Scranton,PA 10/19-10/21
To attend the Mid-Atlantic Association of Museums
$310.00

Wash., DC to NYC, NY 10/19-10/22
Meetings with Whitney Museum, the Museum
of Modern Art and the Metropolitan Museum
$520.00

Wash., DC to Chicago, IL 11/12-11/15
To attend National Museum Services Board meeting
and related site visits
$730.00

Wash., DC to Chicago, IL 11/11-11/17
To attend National Museum Services Board meeting
and related site visits
$800.00

Wash., DC to Chicago, IL 11/12-11/15
To attend National Museum Services Board meeting
and related site visits
$770.00

Wash., DC to Chicago, IL 11/12-11/15
To attend National Museum Services Board meeting
and related site visits
$730.00

Wash., DC to Tallahassee, FL 11/13-11/13
To attend the Florida Museum Association meeting
$620.00

Wash., DC to Houston, TX 1/21-1/23
To attend the Association of Art Museum Directors meeting
$570.00

Wash., DC to Berkley Springs, WV 10/14-10/15
To attend meeting of the Executive Committee
of the Small Agency Council
$145.19

Wash., DC to Orlando, FL 4/20-4/23
To attend National Museum Services Board meeting
and related site visits
$470.00

Wash., DC to Orlando, FL 4/19-4/24
To attend National Museum Services Board meeting
and related site visits
$690.00

Wash., DC to Santa Fe, NM 4/29-5/2
To represent IMS at the New Mexico Association
Annual meeting
$650.00

Orlando, Sarasota and St. Petersburg/Tampa, FL
to Wash., DC (one way) 4/19-4/22
To attend the National Museum Services Board meeting
and related site visits
$550.00

Wash., DC. to Tampa, FL 4/23-5/3
To give speech at American Association of
Zoological Parks Southern Regional Conference
$360.00

Wash., DC to San Francisco, CA 6/6-6/12
To attend American Association of Museums conference
$965.00

Wash., DC to San Francisco, CA 6/8-6/12
To attend American Association of Museums conference
$750.00

Wash., DC to San Francisco, CA 6/6-6/12
To attend American Association of Museums conference
$965.00

Wash., DC to San Francisco, Los Angeles, CA and Chicago, IL
6/7-6/17
To attend American Association of Museums conference
and meeting of the President's Committee on the
Arts and the Humanities
$1,280.00

Wash., DC to Chicago, IL 6/18-6/18
To present program on IMS grant programs
to the participants of the annual meeting
of the American Association of Arboreta
and Botanical Gardens
$460.00

Wash., DC to Boston, MA 8/2-8/21
To attend Program for Senior Managers in Government
$460.00

Wash., DC to Waltham, MA 8/10-8/11
To make arrangements for 1987 Conservation
Project Support awards ceremony
$270.00

Wash., DC to Portland, OR 9/15-9/24
To attend the Western Museum conference and
American Association of Zoological Parks
and Aquariums annual meeting
$1,380.00

Wash., DC to Grand Rapids, MI 9/23-9/25
To attend the Midwest Museums conference
$750.00

Wash., DC to Columbia, SC 9/13-9/14
To attend the South Carolina Federation
of Museums conference
$450.00

Wash., D.C. to Cape May, NJ 9/27-9/28
To attend the Museums Council of New Jersey conference
$200.00

EQUIPMENT PURCHASES

Question: In FY 1987, the Institute spent $15,000 for equipment purchases. Can you tell the subcommittee what was purchased and provide a complete listing for the record? Your FY 1989 request includes $3,000 for equipment purchases. What do you intend to purchases if this funding is approved?

Answer: Equipment purchases in 1987 included the following items:

Wang PC Computer	$ 965
Wang word-processing work station	$ 1,524
Xerox machine	$ 12,145
Miscellaneous equipment for Wang System (e.g. print wheels, ribbons, etc.)	$ 375
	$15,009

In FY 1988, IMS has requested $3,000 for equipment purchases. These funds will be used to purchase two Wang word-processing work stations.

Because of very limited clerical staff, and increased competition among professional staff for existing work stations, it is IMS' long-term goal to eventually provide all professionals with work stations at their desks. This will help IMS in meeting internal deadlines and will greatly increase productivity without adding any clerical staff.

PAY RAISE COSTS

Question: What additional costs will you incur as a result of the January, 1988 pay raise? Have you reprogrammed funding in 1988 to meet these increased costs? From what source? Does your 1989 budget include sufficient funding for the January, 1988 pay raise? What is the amount? What would be the cost to the Institute in 1989 if an additionsl two percent pay raise were approved in January, 1989? Have you budgeted for that pay raise in your 1989 request?

Answer: The January 1988 pay raise added $8,500 to IMS' FY 1988 estimated personnel costs. $7,000 of that figure is for the actual pay raise and $1,500 for related benefits which increased proportionately. This figure was calculated based on nine months in FY 1988 and excluding those clericals who were exempted from the January pay raise due to their FY 1987 pay raise and the Director whose salary is capped.

IMS will not have to reprogram in FY 1988 to accommodate the pay raise because the amount involved will be absorbed in the actual 1988 administration appropriation.

The cost to the IMS of an additional 2% pay raise in January of 1989 in combination with the continued effects of the October-January 1988 pay raise, and assuming current staffing levels, would be $12,000 including benefits. IMS' budget request includes the pay raise.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Question: In FY 88, Congress appropriated $100,000 to fund section 206(b) of the Museum Services Act. This section authorizes the Director of IMS to enter into contracts and cooperative agreements with professional museum organizations to undertake projects designed to strengthen museum services. You have requested an increase to $250,000 for this program in FY 89. Although we are only a few months into FY 88, can you give me an idea of how this program is going? Can you give me an example of the type of projects you will be funding?

Answer: The IMS has published proposed regulations regarding the Professional Services Program (PSP) in the Federal Register and has notified the museum association community about

the program. The closing period for public comment on the proposed regulations was March 7, 1988 and IMS will issue guidelines and accept proposals for FY 88. The public comments we have received so far have been supportive of the program and we anticipate many important proposals. The IMS staff is prepared to discuss proposals with prospective applicants and we expect the program to get under way later in the spring and early summer. Although IMS did not conceive the idea for this program, I am pleased that it will be administered through the agency. All of the current IMS programs, General Operating Support, Conservation Project Support, and the Museum Assessment Program, are available to individual museums. Only a very small percentage of our grants, mainly Conservation Project Support grants, are used by individual museums for programs that will affect whole segments of the museum community. The Professional Services Program will enable IMS to fund worthwhile projects that will strengthen museum services throughout the museum community. These projects may involve programs to educate museum professionals in improved standards of museum management, research or surveys to determine effective methods to provide museum services, and other projects to improve museum management and operational capabilities.

The increase in the FY 1989 request, to $250,000, reflects the greater ability of the agency to match funds raised by the museum organization applying to this program. The additional funding would allow more organizations to develop proposals that strengthen museum services thus providing greater benefits to museums.

Question: The General Operating Support grants are made annually on a competitive basis for administrative costs of maintaining, preserving, and exhibiting museums' collections. While the amounts of the awards are not large, only ten percent of a museum's operating budget, they are prestigious awards representing the recognition of the quality of the museum's operations and services in a national competition.

I certainly do not want to criticize the GOS program. Clearly it provides assistance to museum which have earned it. I am concerned, however, about museums which have impressive collections, but simply do not deserve funding to operate under the criteria established for this program. What programs are available at IMS, or another agency, for museums that need help getting started or financial support to remain open?

Answer: Initially, I would like to say that I do not believe it is the role of the federal government to help start museums. I do believe, however, in a federal role in assisting them once they have proved themselves to be viable organizations. According to Edward P. Alexander, an eminent authority in the field of museum work and author of Museums in Motion, An Introduction to the History and Functions of Museums, "museums in the United States are growing at an almost frightening rate....and recently a new one has appeared every 3.3 days." This statement appears in Mr. Alexander's book copyrighted in 1979. I can well believe that this situation has continued. The Official Museum Directory of the American

Association of Museums records over 6,500 museum listings today and my staff received frequent calls from individuals seeking funds to start museums. In light of this trend, I believe that taxpayers dollars should be used judiciously and that the federal role should be limited to assistance of those museums with proven records.

The General Operating Support program does impose certain criteria upon it applicants, one of them being that the institution must have offered museum services to the public for at least two years prior to the date of application for a GOS grant. Although many museums applying to this program have been in operation for longer than two years, museums that have been in operation for only two years, and can be considered emerging museums, are eligible as well. The same holds true for our Conservation Project Support program.

In addition, the Museum Assessment Program offered by IMS can provide professional assistance at no cost to museums that have been in operation for as little as several months. The fact that MAP is a one time opportunity however, suggests that a museum might wait to apply until it has operated for a longer period so that it will have achieved something to assess. This program is extremely successful and has helped museums become better prepared in their operations and collections management activities. This, in turn, enables them to be more competitive in IMS' other programs.

Museums also have associations to which they can turn for advice and counsel. The American Association for State and Local History assists history museums, a category composed of many small museums as well as large ones. The association offers many helpful publications and workshops for museum administrators.

Other associations with similar functions include, the American Association of Botanical Gardens and Arboreta, the American Association of Zoological Parks and Aquariums, and the Association of Science-Technology Centers. These organizations help to foster museums as they join the museum community and IMS works closely with these groups to make sure their constituencies are aware of what we have to offer.

Question: The Conservation Project Support program awards grants to address the basic conservation needs of all types of museum collections. This is the second year of the new funding priorities established by IMS which encourage museums to apply for grants for projects which they can be successful carrying out. How successful was this program in FY 88? What were some of the problems associated with the old priorities?

Answer: The development of the new framework within which museums could apply for Conservation Project Support grants last year was a great success according to responses from the museum and conservation fields. Through our experience with the program, which began in 1984, it became apparent to IMS, conservators and museum staff that many museums were not in a position to conduct treatment activities until they implemented overall institutional conservation plans. To confront this

issue, IMS modified its conservation program to encourage museums to develop their own overall institutional conservation plans. A logical first step in an overall plan, and one which fosters a reasoned approach to conservation management, is to conduct a general conservation survey to determine the conditions of the collections and environments before moving on to more advanced conservation activities. Among the FY 1987 Conservation Project Support awards, IMS funded 153 conservation surveys, the largest number in the program's history. Through this activity, we believe that IMS is addressing a real need among museums in helping them care for their collections.

Question: Your justification proposes to increase the peer review process to evaluate application for funding recommendations. The IMS believes that the peer review process is fair and adequate. Enlarging the pool of reviewers and decreasing the number of applications each reviewer evaluates have enhanced the General Operating Support program. Can you briefly elaborate on the expansion of the peer review process? Do you feel that, at some point, an expansion of the peer review process has diminishing returns and that reviewers spend too much time reviewing and not approving?

Answer: The program that is envisioned for peer review training is not one of expansion but one of enhancement. The peer review process currently in place is one that fairly evaluates the quality of a museum as it is demonstrated in responses to the application narrative and financial forms. Professional training and continued learning are activities in which professionals of all types, should participate. The Institute of Museum Services intends to develop a peer review training program to further improve the standards by which the GOS applications are reviewed and to help reviewers address problems and issues common to all reviewers.

The nature of the GOS peer review process necessitates that all applications are read and scored by the peer reviewers. The functions of application review and evaluation are sequential and both are necessary for a full and complete peer review process. The intent of a peer review training program is not to increase the time it takes for reviewers to conduct their evaluations but to make the time they do spend evaluating applications more productive and efficient. The method by which funded and not funded applications are determined will continue to follow the procedure currently in place.

QUESTIONS SUBMITTED BY SENATOR DENNIS DECONCINI

Question: Are you familiar with the fine arts center for children located in Mesa, Arizona known as the Arizona Museum for Youth?

Answer: Yes, the Institute of Museum Services is familiar with the Arizona Museum for Youth. Currently, the staff of the museum has been consulted in coordinating a grantwriting workshop, presented by IMS, to take place in conjunction with the Arizona Association of Museums in May, 1988.

Question: As you may know, the Museum received its status as a private non-profit institution in 1978 and has been in operation since September, 1985 utilizing mainly private and community funding. Is this organization of the type that would be eligible for IMS grants? If so, what can the Museum do to facilitate such a grant?

Answer: Yes, from your description, the Arizona Museum for Youth would be eligible to apply for IMS grants in all of our programs. The General Operating Support and the Conservation Project Support programs do require that an institution must have offered museum services to the public for at least two years prior to the date of application for a GOS or CP grant. If the Arizona Youth Museum has been in operation since, September, 1985 it would certainly be eligible now.

The Arizona Youth Museum is on the IMS mailing list for grant applications and information and I hope we will receive its General Operating Support and Conservation Project Support applications in fiscal year 1989. In addition, the Museum Assessment Program offered by IMS can provide professional assistance at no cost to the museum. This program is extremely successful and has helped museums become better prepared in their operations and collections management activities. This, in turn, enables them to be more competitive in IMS' other programs.

SUBCOMMITTEE RECESS

Senator REID. This subcommittee stands in recess until 10 a.m., March 2, 1988, when we will hear testimony for the Economic Regulatory Administration, the Energy Information Administration, and the Office of Hearings and Appeals.

[Whereupon, at 2:40 p.m., Tuesday, March 1, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 2.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

WEDNESDAY, MARCH 2, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senator Reid.

DEPARTMENT OF ENERGY

ECONOMIC REGULATORY ADMINISTRATION

STATEMENT OF CHANDLER L. VAN ORMAN, DEPUTY ADMINISTRATOR

ACCOMPANIED BY:
BOB DAVIES, DIRECTOR, OFFICE OF FUELS PROGRAMS
MILTON LORENZ, CHIEF COUNSEL FOR ENFORCEMENT LITIGATION

PREPARED STATEMENT

Senator REID. The subcommittee will come to order.

This is the time scheduled for the Department of the Interior and Related Agencies Appropriations Subcommittee to hear testimony from administration witnesses on fiscal year 1989 budget requests for the Economic Regulatory Administration, the Office of Hearings and Appeals, and the Energy Information Administration, all from the Department of Energy.

We will first hear from Chandler van Orman, Deputy Administrator of the Economic Regulatory Administration. If you would come forward, it would be appreciated.

The fiscal year 1989 budget for the Economic Regulatory Administration is $15,844,000 which is a decrease of some $555,000.

Good morning, Mr. van Orman.

Mr. VAN ORMAN. Good morning, Mr. Chairman.

Senator REID. We have your prepared statement. It will be inserted in the record.

Also, as this is your first time testifying before the subcommittee—that is true, isn't it?

Mr. VAN ORMAN. Yes; it is.

Senator REID. A copy of your biography will also be placed in the record.

[The statement follows:]

STATEMENT OF CHANDLER L. VAN ORMAN

Mr. Chairman, members of the committee, I appreciate this opportunity to provide testimony in support of the funding request for the Economic Regulatory Administration in fiscal year 1989. As you know, the ERA is charged with the responsibility of completing regulatory enforcement actions related to crude oil and petroleum product pricing and allocation violations occurring from August 1973 through decontrol in January 1981. In addition to its Emergency Petroleum Allocation Act [EPAA] enforcement activity, the ERA currently administers the natural gas and electricity import and export licensing program.

Although President Reagan decontrolled the pricing and allocation of crude oil and petroleum products in January 1981, the statutes creating the ERA are still in effect, and the responsibility for enforcing the law on violations occurring during the controlled period continues. ERA, together with its predecessor organizations, has audited approximately 20,000 petroleum firms and collected $6.1 billion in oil overcharge recoveries. Currently some 275 cases remain unresolved representing an estimated $2.1 billion of oil overcharge recoveries still uncollected. It is the intention of this administration to conclude as expeditiously and responsibly as possible, all remaining oil overcharge cases either by settlement or litigation.

Our objectives for fiscal year 1989 are to resolve about one-third of the approximately 240 remaining cases and collect as much overcharge moneys as we can. To meet these goals, the ERA will require funding to support 140 full-time equivalent [FTE] employees and $1.6 million for a litigation support contract. The agency continues to decrease in size as our caseload is reduced, and our funding request for fiscal year 1989 reflects this position. The $12.5 million budget request for compliance activities in fiscal year 1989 represents a $500,000 and 10 FTE reduction from fiscal year 1988 levels.

The budget request for the nonenforcement activities will fund 24 FTE's in the natural gas and electricity import/export programs, 10 FTE's for program administration, and 5 FTE's for the Fuels Conversion Program. It also includes $450,000 to fund environmental impact statements and reliability assessments. The Department's objective with respect to natural gas imports is to assure that a reliable supply of gas and electricity is available to the American consumer at competitive prices. In May 1987, the Fuel Use Act was amended, and our fiscal year 1989 request provides funding for only that activity related to the maintenance of the Prohibition Order Program.

I believe that the Department's funding request will adequately support the fulfillment of all of our assigned responsibilities and at the same time remain fiscally responsible when allocating tax dollars to this effort. I would be happy to answer any questions the committee may have.

BIOGRAPHY OF CHANDLER L. VAN ORMAN

Chandler L. van Orman was appointed Deputy Administrator, Economic Regulatory Administration, U.S. Department of Energy [DOE], on July 13, 1987. In this position he assists and shares with the Administrator total responsibility for the management and direction of economic regulatory programs.

In addition, Mr. van Orman establishes and directs procedures for the orderly and expeditious completion of the enforcement program, and aides the Administrator in developing policies regarding the import of natural gas and electricity.

Prior to joining DOE, Mr. van Orman was a partner in the Washington, DC, law firm of Wheeler & Wheeler. In this position he directed and managed significant administrative and judicial litigation on behalf of major domestic and international transportation, communication, corporate, and labor clients. In 1986, Mr. van Orman served as Executive Director of the Commission on Executive, Legislative, and Judicial Salaries. In that position he reviewed the salary structure of the judiciary, Congress and senior administration executives and submitted a report to the President. In 1983, Mr. van Orman was the Director of Private Sector Involvement and Counselor to the Administrator for the 1983 Economic Summit of Industrialized Nations.

From 1982–83, Mr. van Orman served as General Counsel for the Agency for International Development [AID]. As chief legal officer for AID, he provided legal guidance to the Administrator regarding development and implementation of U.S. foreign aid legislation and policy. Before joining Wheeler & Wheeler in 1968, he was an attorney/investigator with the Federal Trade Commission. Prior to that, he was a professional staff member with the Antitrust and Monopoly Subcommittee, Committee on the Judiciary, U.S. Senate.

Mr. van Orman received an A.B. degree in political science from the University of North Carolina in 1963 and a J.D. degree from the University of Virginia Law School in 1966. He is a member of the Washington, DC, and Virginia Bars and is admitted to practice before the Supreme Court of the United States. He is also a member of the National Boating Safety Advisory Council and a coach of the U.S. Naval Academy Sailing Team.

INTRODUCTION OF ASSOCIATES

Senator REID. If you would introduce your associates who are with you this morning and summarize your statement, we will then proceed to the questions.

Mr. VAN ORMAN. I would be happy to, Mr. Chairman.

On my right is Bob Davies, the Director of the Office of Fuels Programs; and on my left is Milt Lorenz, the Chief Counsel for Enforcement Litigation.

Mr. Chairman, I appreciate this opportunity to testify in support of the funding request for the Economic Regulatory Administration for fiscal year 1989. As you well know, the ERA is charged with the responsibility of completing regulatory enforcement actions related to crude oil and petroleum product pricing and allocation violations which occurred between August 1973 and January 1981. In addition to its EPAA enforcement activity, the ERA currently administers the natural gas and electricity import and export licensing program.

Although President Reagan decontrolled the pricing and allocation of crude oil and petroleum products in January 1981, the statutes creating the ERA are still in effect, and the responsibility for enforcing the law on violations occurring during the controlled period continues. Our objectives for fiscal year 1989 are to resolve about one-third of the approximately 240 cases we estimate will remain at the end of this fiscal year and collect as much overcharge moneys as we can.

To meet these goals, the ERA will require funding to support 140 FTE employees and a $1.6 million for a litigation support contract. The agency continues to decrease in size as its caseload is reduced, and our funding request reflects this reduction. The $12.5 million budget request also represents, as you indicated, a $500,000 and 10 FTE reduction.

Mr. Chairman, I believe that the Department's funding request will adequately support the fulfillment of our assigned responsibilities.

My colleagues and I now stand ready to respond to whatever questions you might have.

LITIGATION CASELOAD

Senator REID. Based on your statement, it is my understanding that your litigation workload is estimated to decrease from 350 cases in 1987 to 290 this year, to 240 in 1989. At this projected rate, when do you anticipate this Economic Regulatory Administration will have, in effect, disposed of its workload?

Mr. VAN ORMAN. Mr. Chairman, I wish I could give you a date certain by when the compliance activities of ERA could be wound down completely. The cases are continuing to decrease at a faster rate.

Senator REID. Why do you say at a faster rate? It appears from this that it is at a slower rate.

Mr. VAN ORMAN. The cases we are dealing with now are difficult and complex. These are the cases at the bottom of the barrel. As we take care of the larger cases, such as the *Texaco* case, the other cases we believe will fall into line at a quicker rate.

Senator REID. Last year the budget projected there would be 200 cases in litigation and that the ERA would complete 35 to 55 negotiated settlements. These 1988 figures have been modified to 290 litigation cases and 30 to 40 settlements.

Does this higher-than-anticipated and budgeted litigation caseload cause you any problem in view of ERA declining litigation staff levels?

Mr. VAN ORMAN. The case levels are not higher than anticipated. We determined that the 200 case level represented the exclusion of 76 cases currently in bankruptcy, and those are not enforcement cases in the same nature as the other ones we actively work.

In some of those bankruptcy cases, we stand to collect moneys and in others we don't. So, with the exclusion of those, we are down to our 200 case level.

Senator REID. Didn't we include bankruptcy cases in last year projections also?

Mr. VAN ORMAN. I don't believe they were included in this 200 number.

Senator REID. Is there any reason to believe that the number of potential negotiated settlements or the pace of litigation could be constrained by a reduced full-time employee level of 125?

Mr. VAN ORMAN. No; we have no reason to believe that our settlement rate would slow perceptibly.

Senator REID. I am told that your fiscal year 1989 request for compliance program funding was reduced by approximately $400,000 during the Secretary's review last summer.

Do you know the basis for that reduction?

Mr. VAN ORMAN. Mr. Chairman, I do not; but I would be happy to look into that and provide you with some information as quickly as we can.

Senator REID. Your justification, in fact, on page 449 indicates that you are requesting $700,000 again this year to monitor compliance with approximately 300 final orders.

How do you monitor these settlements and generally at what kind of violations do you look?

Mr. VAN ORMAN. Mr. Chairman, Mr. Lorenz would respond to that.

Mr. LORENZ. Good morning.

The 300 cases that are subject of the monitoring involve past consent orders in which firms either have term payments to complete, and there is an accounting and a monitoring of that nature. And, in addition, remedial orders that were issued, there is monitoring and a check to see whether they have been complied with.

Senator REID. Have you had any problem with people complying with the consent decrees that were entered or any of the settlements?

Mr. LORENZ. Yes; we have, with some companies that have had term payments. Because of financial downturns, they have had difficulty making the payments and, in some cases, have been delinquent and a few of the firms are actually in bankruptcy so there is nothing that we can really do about it.

STAFFING LEVELS

Senator REID. It is my understanding that there will be people who will be leaving the agency next year because of the cut in the number of personnel; is that right?

Mr. VAN ORMAN. We don't have any involuntary RIF's planned at all but, because the program is winding down—and that is quite obvious—a number of people have been looking elsewhere and the attrition rate will allow us to fulfill our FTE goals without a RIF.

Senator REID. Are these people able to find other Federal jobs, most of them?

Mr. VAN ORMAN. In most cases, yes.

Senator REID. In fiscal year 1989, you have budgeted about a quarter of a million dollars for severance costs related to the decrease of some 17 FTE's. This equates to an average cost of $14,700 per FTE reduced.

Is this about right?

Mr. VAN ORMAN. Yes.

We believe that some of the lower graded employees will leave, as well as some of the higher graded employees, and that is a pretty fair approximation as to what we think the severance cost would be.

Senator REID. The reason I ask that question is that in 1987, your FTE level dropped by 44 and your total severance costs then were $343,000, which is almost one-half of what this figure is.

Why is the cost in 1989 so much higher?

Mr. VAN ORMAN. In 1986, we had anticipated a RIF to take place approximately in June and, for a variety of reasons, we were not able to effectuate that until fiscal year 1987, so the cost that would have been incurred in 1986 was moved forward to 1987 and no RIF was undertaken in 1987. And that is what skews those figures.

The reduction of 10 FTE's between 1987 and 1988 is reflected in the request, and we estimate that our request for severance pay is accurate as we can make it at this time.

NATURAL GAS AND ELECTRICITY PROGRAMS

Senator REID. Turning to your natural gas and electricity programs, your justification indicates that you have processed 61 import/export applications for natural gas in 1987, that you expect to process 66 this year and next.

Last year's justification projected that 72 import/export applications would be completed in 1987.

What changed? Why are the actual processed lower than your projections?

Mr. VAN ORMAN. Mr. Chairman, may I ask Mr. Davies to respond to that?

Senator REID. Of course.

Mr. DAVIES. I think our projection that we have made is as accurate as we can forecast the future will be. That is our best estimate.

Senator REID. So what you are saying is both numbers were just estimates and one was wrong.

Mr. DAVIES. Yes, sir.

Senator REID. And I assume that your level of confidence in your estimate of 66 next year is based upon the best facts that you have at hand, and you are not certain that that figure is right.

Mr. DAVIES. That is correct. We, of course, base our estimates on historical number of cases we had and try to forecast what we see in the future.

Senator REID. Do your workload projections for natural gas import/export applications anticipate the impact of the Free Trade Agreement between the United States and Canada?

Mr. DAVIES. We don't see that the Free Trade Agreement would have any immediate impact on our process.

Senator REID. Would have no impact on your workload that you can see.

Mr. DAVIES. That is correct.

Senator REID. To your knowledge, does the Free Trade Agreement assume any changes in law with respect to the processing of sales of natural gas and electricity between the two countries?

Mr. VAN ORMAN. Mr. Chairman, our view is that the Free Trade Agreement, if enacted, would not cause any appreciable change in the manner in which we operate or the statutory obligations that we have.

Senator REID. Would you provide for the committee a table which, for all 1987 international sales, indicates by region where the natural gas is being produced and its final distribution point? Could you do that?

Mr. VAN ORMAN. Yes, Mr. Chairman. We would be happy to do that.

[The information follows:]

1987 NATURAL GAS IMPORTS/EXPORTS

[Volume in billion cubic feet]

United States importers/Canadian exporters	Points of entry	Volumes
CANADA		
Midwestern Gas Trans./TransCanada Pipelines	Noyes, MN	11.9
Northern Natural/Consolidated Natural	do	31.6
Tennessee Gas Pipeline/Progas Ltd	do	20.7
Tennessee Gas Pipeline/KannGaz	Niagara Falls, NY	3.0
Texas Eastern Trans./Progas Ltd	Noyes, MN	8.5
Dome Petroleum/Dome Petroleum Ltd	do	1.2
Norfolk Gas Marketing/Northridge Petroleum Ltd	do	.5
N.W. Alaskan Pipeline/Pan-Alberta Ltd	Port of Morgan, MT	77.7
N.W. Alaskan Pipeline/Pan-Alberta Ltd	Eastport, ID	92.7
Boundary Gas Inc./Trans Canada PipeLines	Niagara Falls, NY	14.6
Transcontinental Pipeline/Sulpetro Ltd	do	2.2
Transco Energy Marketing/Sulpetro Ltd	do	7.7
Western Gas Marketing/TransCanada PipeLines	do	23.3
Natural Gas Pipeline Co. of Am./Progas Ltd	Port of Morgan, MT	6.0
Natgas U.S., Inc/Pan-Alberta Ltd	do	72.5
Northwest Pipeline/Westcoast Trans	Eastport, ID, Sumas, WA.	90.8
Dome Petroleum/Dome Petroleum Ltd	Eastport, ID	5.7
Pacific Gas Trans./Alberta & Southern	do	365.8
Amoco Energy Trading/Amoco Canada	do	.7
Bonus Energy Inc./Bonus Gas Proc	do	2.2
Conterra Natural Gas/Canterra Energy Ltd	do	.3
Carlyle Energy/Poco Petroleum Ltd	do	2.4
Amtran Gas Trans./Diamond Shamrock	Sumas, WA	.1
NHP Energy, Inc./Remington Energy	do	.4
ITRP/Kimball Gas/Canadian Hydrocarbon, Ltd	do	.8
IGI Resources/Westcoast Trans	do	1.9
Amoco Energy Trading/Amoco Canada	do	.2
Development Associates/Westcoast Trans	do	10.7
Poco Petroleum/Poco Petroleum Ltd	do	16.7
Westcoast Resources/Westcoast Trans	do	27.4
WA Water Power/Dome Petroleum Ltd	do	8.2
Brymore Gas Marketing/Brymore Gas Canada	do	.4
Canadianoxy Marketing/Canadian Occidental	do	.2
Czar Gas Corp./Czar Resources Ltd	do	1.6
Hadson Gas Systems/Westcoast Trans	do	1.9
Natural Gas Clearinghouse/Westcoast Trans	do	3.7
Petro-Canada Hydrocarbons/Petro-Canada	do	.2
St. Lawrence Gas/Niagara Gas Trans	Massena, NY	7.6
Vermont Gas Systems/TransCanada PipeLine	Highgate, VT	5.2
Granite State Gas Trans./Shell Canada	North Troy, VT	.2
Total 1987 imports		928.4

United States exporter	Points of exit	Volumes
JAPAN		
Marathon Oil Co	Port Nikiski, AK	14.7
Phillips Natural Gas Co	do	34.3
CANADA		
Yankee International	River Rouge, MI	1.8
Vector Energy Inc	do	1.1

United States exporter	Points of exit	Volumes
MEXICO		
Valero Transmission	Eagle Pass, TX	.4
Total 1987 exports		52.3

Information derived from reports filed by importers and exporters to the Economic Regulatory Administration. The data represent approximately 93 percent of all imports and exports for calendar year 1987. The Energy Information Administration will have complete information by July 1988.

U.S. ELECTRIC IMPORTS

Senator REID. Would you also do the same for the sales of electric power?

Mr. VAN ORMAN. Yes.

Senator REID. While you are doing that, maybe you could do it for the 3 previous years, so we can do some comparisons.

Mr. VAN ORMAN. We will do that also.

[The information follows:]

U.S. ELECTRICITY IMPORTS

[In billions of kilowatt-hours]

U.S. importing region	Exporting region	Electric energy imports		
		1984	1985	1986
New England	New Brunswick	6.0	6.3	6.8
	Quebec	.2	.6	2.8
New York	....do	11.1	9.7	10.2
	Ontario	10.3	8.4	5.6
Lower Michigan	....do	.8	.5	.7
North Central States (Dakota, Minnesota, Wisconsin, Nebraska, Iowa).	Manitoba	5.7	6.3	7.9
	Saskatchewan	.1	.1	.1
Pacific Northwest/California	British Columbia	7.8	13.8	5.1
Texas	Mexico	.1		
Southern California	Mexico (Baja)	.1	.2	1.5
Total United States		42.2	45.9	40.7

IMPORT/EXPORT APPLICATIONS

Senator REID. While you are looking into that, the committee would also appreciate a table which breaks down the number of import/export applications in each of the last 4 years for natural gas and electricity by the country of origin. I think you should have that information available.

Mr. VAN ORMAN. Yes, we do.

[The information follows:]

U.S. NATURAL GAS IMPORTS/EXPORTS

1984 Imports

	U.S. Importer/Foreign Exporter	Point of Entry	Volumes (Bcf)
I.	CANADA		
1.	ANR Pipeline/Progas Ltd., TransCanada Pipelines Ltd.	Noyes, MN	40.0
2.	Great Lakes Gas Trans./TransCanada Pipelines Ltd.	Noyes, MN	43.5
3.	Midwestern Gas Trans./TransCanada Pipelines Ltd.	Noyes, MN	55.7
4.	Northern Natural/Consolidated Natural	Noyes, MN	16.3
5.	Tennessee Gas Pipelines/ProGas Ltd.	Noyes, MN	12.3
6.	Texas Eastern Trans./Progas Ltd.	Noyes, MN	17.0
7.	Northern Natural/Consolidated Natural	Port of Morgan, MT	13.6
8.	N.W. Alaskan Pipeline/Pan-Alberta Ltd.	Port of Morgan, MT	115.3
9.	Boundary Gas/TransCanada PipeLines Ltd.	Niagara Falls, NY	2.4
10.	Transcontinental Pipeline/Sulpetro Ltd.	Niagara Falls, NY	18.8
11.	Intercity MN. Pipelines/ICG Transmission	Warroad, MN	5.5
12.	Natural Gas Pipeline Co. of Am./Progas Ltd.	Port of Morgan, MT	2.2
13.	Northwest Pipeline/Westcoast Resources	Eastport, ID	21.8
14.	Pacific Gas Trans./Alberta & Southern	Eastport, ID	232.3
15.	N.W. Alaskan Pipeline/Pan-Alberta Ltd.	Eastport, ID	45.3
16.	Northwest Pipeline/Westcoast Trans.	Sumas, WA	89.9
17.	Reichold Chemicals/Czar Resources, Ltd.	Sumas, WA	0.9
18.	Transcontinental Pipeline	River Rouge, MI	3.7
19.	Montana Power/Canadian Western	Whitlash, MT	6.4
20.	Montana Power/Canadian Western	Babb, MT	Negligible
21.	Montana Power/Canadian Western	Port of Bonita, MT	Negligible
22.	St. Lawrence Gas/Niagara Gas Trans.	Massena, NY	8.1
23.	Vermont Gas Systems/TransCanada Pipelines	Highgate, VT	4.9
II.	MEXICO		
1.	Border Gas Inc./Pemex	Midalgo, TX	51.3
III.	ALGERIA		
1.	Distrigas/Sonatrach	Everett, MA	36.2
		Total 1984 Imports	843.40

1984 Exports

	U.S. Exporter	Point of Exit	Volume (Bcf)
IV.	CANADA		
1.	Montana Power	Sweetgrass, MT	0.1
V.	MEXICO		
1.	El Paso Natural Gas	Naco, AZ	1.8
2.	Valero Transmission	Eagle Pass, TX	Negligible
VI.	JAPAN		
1.	Marathon Oil Co.	Port Nikiski, AK	15.8
2.	Phillips Petroleum	Port Nikiski, AK	37.0
		Total 1984 Exports	54.7

Information was derived from the Natural Gas Monthly, May 1985, published by the Energy Information Administration, U.S. Department of Energy, DOE/EIA-0130 (85/05).

1985 Imports

	U.S. Importer/Foreign Exporter	Point of Entry	Volumes (Bcf)
I.	CANADA		
1.	ANR Pipeline/TransCanada Pipelines	Noyes, MN	22.1
2.	Great Lakes Gas Trans./TransCanada Pipelines	Noyes, MN	49.9
3.	Midwestern Gas Trans./TransCanada Pipelines	Noyes, MN	85.0
4.	Northern Natural/Consolidated Natural	Noyes, MN	18.0
5.	Tennessee Gas Pipeline/Progas, Ltd.	Noyes, MN	10.4
6.	Texas Eastern Trans./Progas, Ltd.	Noyes, MN	14.9
7.	Northern Natural/Consolidated Natural	Port of Morgan, MT	13.1
8.	N.W. Alaskan Pipeline/Pan-Alberta Ltd.	Port of Morgan, MT	120.5
9.	Boundary Gas Inc./TransCanada	Niagara Falls, N.Y.	13.5
10.	Transcontinental Pipeline/Sulpetro Ltd.	Niagara Falls, N.Y.	26.2
11.	Inter-City Minnesota Pipelines/ICG Transmission	Warrodd, MN	3.6
12.	Natural Gas Pipeline Co of Am./Progas Ltd.	Port of Morgan, MT	13.6
13.	Northwest Pipeline/Westcoast Trans.	Eastport, ID	91.7
14.	Northwest Pipeline/Westcoast Trans.	Sumas, WA	21.7
15.	Pacific Gas Transmission/Alberta & Southern	Eastport, ID	302.2
16.	N.W. Alaskan Pipeline/Pan-Alberta Ltd.	Eastport, ID.	87.5
17.	CPEX Pacific/Czar Resources Ltd.	Sumas, WA	2.3
18.	Dome Petroleum/Dome Petroleum Ltd.	Sumas, WA	Negligible
19.	Natural Gas Clearinghouse/Amoco Canada	Sumas, WA	0.6
20.	Northridge Petroleum/Poco Petroleum Ltd.	Sumas, WA	1.7
21.	Cascade Natural/Dome Petroleum Ltd.	Sumas, WA	2.0
22.	WA. Water Power/Dome Petroleum Ltd.	Sumas, WA	0.9
23.	Transcontinental Pipelines/TransCanada	River Rouge, MI	0.5
24.	Southeastern Mich/Northridge Petroleum	Pembina, MN	2.8
25.	Montana Power/Canadian Montana Pipelines	Whitlash, MT	7.9
26.	St. Lawrence Gas/Niagara Gas Trans.	Massena, N.Y.	8.0
27.	Vermont Gas Systems/TransCanada Pipelines	Highgate, VT	5.2
II.	ALGERIA		
1.	Distrigas Inc./Sonatrach	Everett, MA	23.7
		Total 1985 Imports	949.5

1985 Exports

	U.S. Exporter	Point of Exit	Volumes (Bcf)
III.	CANADA		
1.	Montana Power	Sweetgrass, MT	0.1
IV.	MEXICO		
1.	El Paso Natural Gas	Naco, AZ	1.8
2.	Valero Transmission	Eagle Pass, TX	0.4
V.	JAPAN		
1.	Marathon Oil Co.	Port Nikiski, AK	15.9
2.	Phillips Petroleum	Port Nikiski, AK	32.0
		Total 1985 Exports	50.2

Information was derived from the Natural Gas Monthly, May 1986, published by the Energy Information Administration, U.S. Department of Energy, DOE/EIA-0130 (86/05).

1986 Imports

	U.S. Importer/Foreign Exporter	Points of Entry	Volumes (Bcf)
I.	CANADA		
1.	ANR Pipeline/TransCanada PipeLines	Noyes, MN	9.7
2.	Dome Petroleum/Dome Petroleum Ltd.	Noyes, MN	0.3
3.	Great Lakes Trans./TransCanada PipeLines	Noyes, MN	52.9
4.	Midwestern Gas Trans./TransCanada PipeLines	Noyes, MN	35.3
5.	Northern Natural/Consolidated Natural	Noyes, MN	21.1
6.	Tennessee Gas Pipeline/Progas Ltd.	Noyes, MN	14.1
7.	Texas Eastern Trans./Progas Ltd.	Noyes, MN	13.4
8.	Western Gas Marketing/TransCanada	Noyes, MN	0.2
9.	Michigan Consolidated/Esso Chemical Canada	Noyes, MN	3.9
10.	Northern Natural/Consolidated Natural	Port of Morgan, MT	6.7
11.	N.W. Alaskan Pipeline/Pan-Alberta Ltd.	Port of Morgan, MT	75.9
12.	Boundary Gas Inc./TransCanada	Niagara Falls, N.Y.	13.3
13.	Transcontinental Pipeline/Sulpetro Ltd.	Niagara Falls, N.Y.	15.0
14.	Inter-city Minn. Pipeline/ICG Transmission	Warroad, MN	3.6
15.	Natural Gas Pipeline Co. of Am./Progas Ltd.	Port of Morgan, MT	5.7
16.	Development Associates/Shell Canada	Eastport, ID	0.6
17.	N.W. Alaskan Pipeline/Pan-Alberta Ltd.	Eastport, ID	87.7
18.	Northwest Pipeline/Westcoast Resources	Eastport, ID	14.6
19.	Pacific Gas Trans./Alberta & Southern	Eastport, ID	245.3
20.	Amoco Energy Trading/Amoco Canada	Sumas, WA	0.3
21.	Amtran Gas Transmission/Diamond Shamrock	Sumas, WA	Negligible
22.	Brymore Gas Marketing/Brymore Gas Canada	Sumas, WA	Negligible
23.	Czar Resources/Czar Resources Ltd.	Sumas, WA	1.0
24.	Development Associates/Czar Resources Ltd.	Sumas, WA	1.6
25.	Dome Petroleum/Dome Petroleum Ltd.	Sumas, WA	4.2
26.	IGI Resources/Westcoast Trans.	Sumas, WA	1.2
27.	Natural Gas Clearinghouse/Westcoast Trans.	Sumas, WA	3.1
28.	Northridge Petroleum/Northridge Petroleum Ltd.	Sumas, WA	2.0
29.	Northwest Pipeline/Westcoast Trans.	Sumas, WA	71.5
30.	Poco Petroleum/Poco Petroleum Ltd.	Sumas, WA	3.0
31.	Salmon Resources/Shell Canada	Sumas, WA	Negligible
32.	Westcoast Resources/Westcoast Trans.	Sumas, WA	13.7
33.	Cascade Natural Gas/Westcoast Trans.	Sumas, WA	3.7
34.	WA. Water Power/Amoco Canada	Sumas, WA	Negligible
35.	Southeastern Michigan Gas/Northridge Petroleum Ltd.	Pembina, MN	1.9
36.	Montana Power/Canadian Montana Pipeline	Whitlash, MT	7.5
37.	Montana Power/Canadian Montana Pipeline	Port of Del Bonita, Mt	0.2
38.	St. Lawrence Gas/Niagara Gas Trans.	Massena, N.Y.	7.4
39.	Vermont Gas Systems/TransCanada PipeLines	Highgate, VT	5.2
40.	Poco Petroleum/Poco Petroleum Ltd.	Noyes, MN	1.0
II.	INDONESIA		
1.	Cabot Energy Inc.	Everett, MA	1.7
		Total 1986 Imports	749.5

1986 Exports

	U.S. Exporter	Points of Exit	Volumes (Bcf)
III.	CANADA		
1.	Montana Power	Sweetgrass, MT	0.1
2.	Yankee International	River Rouge, MI.	9.1
IV.	MEXICO		
1.	El Paso Natural Gas	Naco, AZ	1.5
2.	Valero Transmission	Eagle Pass, TX	0.3
V.	JAPAN		
1.	Marathon Oil Co.	Port Nikiski, AK	15.0
2.	Phillips Petroleum	Port Nikiski, AK	35.1
		Total 1986 Exports	61.1

Information was derived from the Natural Gas Monthly, May 1987, published by the Energy Information Administration, U.S. Department of Energy, DOE/EIA-0130 (87/05).

COMPLIANCE LITIGATION ACTIVITY

Senator REID. How confident are you that your estimates of 240 cases to be litigated with a projected 30 to 40 negotiated settlements, requiring a total of 125 FTE's in fiscal year 1989, are good ones?

Mr. VAN ORMAN. We feel that these are estimates that we can reasonably expect to meet in fiscal year 1989.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. We have some other questions that we want to submit to you in writing, and if you would get the questions back at your earliest convenience, we would appreciate it.

Mr. VAN ORMAN. We will do that, Mr. Chairman.

Senator REID. Thank you very much for your testimony here this morning. Even though the testimony is brief, it involves large sums of money, this budget. And we appreciate your being candid with us, as you have been, and responding to the additional questions that we will submit forthwith.

Thank you very much.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

COMPLIANCE BUDGET

Question. I am told that your fiscal year 1989 request for compliance program funding was reduced by approximately $400,000 during the Secretary's review last summer. What was the basis for that reduction?

Answer. ERA initially requested funding of $12.9 million for its compliance program in fiscal year 1989 which was later modified during the Secretary's internal review to $12.5 million. The $0.4 million difference was based primarily on a 10 FTE reduction in staffing from the initial request.

Question. Again this year you are budgeting for a substantial decrease in full-time equivalent positions. In total for ERA you are down 15 FTE's this year and you plan to be down another 17 FTE's next year. Would you provide for the record a table indicating how these reductions are distributed this year and next for each of your three major program areas and for program administration as well?

Answer. The following table shows the distribution of full-time equivalents within ERA:

Program	Fiscal year—				
	1987 actual	Change from 1987	1988 estimate	Change from 1988	1989 request
Compliance	160	-10	150	-10	140
Fuels conversion	12	-7	5	.....	5
Natural gas and electricity	24	+2	26	-2	24
Program administration	10	.....	10	.....	10
Totals	206	-15	191	-12	179

Question. Your budget justification (page 453) projects $200,000 for travel in fiscal year 1988 and fiscal year 1989. Your fiscal year 1987 actual expenses for travel, however, were only $179,000. Why does travel increase by 12 percent over this 2-year period while FTE's are dropping by 13 percent at the same time? Last year's budget showed an estimate of $200,000 in the 1987 column for travel, is this a case, then, of the fiscal year 1988 and fiscal year 1989 requests for travel being artificially inflated?

Answer. First of all, travel requirements within the compliance program are more dependent upon caseload and the associated court hearings, depositions, et cetera, than on staffing levels. In addition, the current level of travel indicates that actual expenditures will approach if not exceed the $200,000 originally budgeted for travel in fiscal year 1988. Second, in mid-fiscal year 1987 travel subsistence for Federal employees significantly increased. For example, prior to April 1987 the maximum daily subsistence in Washington was $75, presently it is $117—an increase of 56 percent. Accordingly, ERA holds that its estimates of $200,000 for travel in fiscal year 1988 and fiscal year 1989 are reasonable and not artificially inflated.

Question. The fiscal year 1987 column shows actual expenses of $3,816,000 for other services, yet the fiscal year 1987 estimate in last year's budget justification projected only $2,145,000 for this object class. What accounts for this increase of $1,671,000 over what was programmed for other services?

Answer. The increase in other services was due to additional obligations for contracted litigation support services.

Question. Was a reprogramming request ever submitted to the committee for this shift in funding?

Answer. A reprogramming request was submitted to all cognizant congressional committees and was concurred upon June 1987.

Question. Would you please explain what has caused your budget for rent, communications, and utilities, to vary so dramatically from fiscal year 1987 to fiscal year 1988 and again from fiscal year 1988 to fiscal year 1989?

Answer. Estimates for communications, rents, and utilities are primarily attributable to ERA's pro-rata share of DOE's headquarters cost for this item based on staffing levels. For fiscal year 1987, it was originally estimated that the compliance program's share would be $2.5 million. However, in fiscal year 1987, headquarters' actual cost and compliance's pro-rata share of headquarters staffing were lower than anticipated, thereby causing a sharp difference between the fiscal year 1987 actual cost and the estimated fiscal year 1988 cost. The reduction in estimated costs from fiscal year 1988 to fiscal year 1989 is based primarily on savings attributable to space reductions and associated overhead costs due to the loss of personnel over the past few years which will finally be realized in fiscal year 1989.

Natural Gas and Electricity Operations

Question. Is the processing of natural gas import and export applications a people intensive exercise, and, if you get substantially more than 66 applications, will you be able to process them with the 20 FTE's that are budgeted?

Answer. The processing of import and export applications is a people intensive exercise. The time required to process an application varies significantly, depending on the complexity of the arrangement, the procedures required to establish a record for which a reasoned decision can be made, and whether the proposal is opposed by anyone. It is difficult to project the number and type of applications that will be submitted in a given year. If we get substantially more than 66 applications, it will undoubtedly have the effect of extending the processing time for all applications.

Question. How many of these 20 FTE's are associated with the new NEPA analyses for oil and gas applications in fiscal year 1989, and what is the total cost associated with these applications including the $100,000 in contract support?

Answer. We presently project that the ERA will receive five import applications during fiscal year 1989 that will involve direct import sales and some type of facility construction. In these instances, the ERA is responsible for conducting the Federal environmental review in accordance with NEPA. If these projections are realized for fiscal year 1989, it is estimated that one FTE will be needed to perform the environmental analyses, with a total cost of $175,000, including $100,000 in contract support.

Question. Will these expenses be recouped through processing fees levied upon the applicants? If not, why not?

Answer. To date the ERA has had no need for assessing fees on applicants for performing environmental analyses; however, the ERA may have to establish a fee structure or a direct billing concept if the need for environmental studies grows as anticipated.

OFFICE OF HEARINGS AND APPEALS

STATEMENT OF GEORGE B. BREZNAY, DIRECTOR

PREPARED STATEMENT

Senator REID. The Subcommittee will now turn to the Office of Hearings and Appeals, Mr. George B. Breznay. If you would come forward and bring anyone that you have with you, if in fact you have anyone. You are going to be testifying on behalf of the Office's 1989 budget. Your request totals $4,928,000, which is $238,000 less than last year.

You are certainly welcome to the subcommittee, Mr. Breznay. Is that how you pronounce your name?

Mr. BREZNAY. That is correct, Mr. Chairman.

Senator REID. If you would proceed to summarize your remarks, that would be appreciated. The committee has them and we have reviewed them, but if you would summarize them, that would be a help to us. Your statement will be placed in the record.

[The statement follows:]

STATEMENT OF GEORGE B. BREZNAY

Mr. Chairman, members of the committee. I appreciate the opportunity to appear before you today to discuss the operations of the Office of Hearings and Appeals.

Fiscal year 1987 once again was one of accomplishment in every program area of the Office of Hearings and Appeals. Most importantly, we continued our progress in the area known as subpart V proceedings. These are proceedings in which the Office establishes a claims procedure to return to injured parties escrow moneys which have been received through consent orders or other enforcement actions. During fiscal year 1987 we processed over 13,000 applications, an increase of approximately 41 percent from fiscal year 1986, and distributed over $44.5 million in refunds to claimants. As of December 31, 1987, we have completed processing approximately 40,000 applications for refund filed by individuals, large and small businesses in and outside of the oil industry, utilities, municipalities, housing authorities, and other government entities—virtually every segment of the public. In all, we have directed refunds to these claimants amounting to nearly $283 million. Our total disbursement of oil overcharge funds to date, which include the Warner amendment distribution, excess product moneys used for State energy conservation programs, and payments to the Federal Treasury, have surpassed $880 million.

We also devoted substantial time in fiscal year 1987 to other important program areas. For example, we have been actively adjudicating enforcement matters, with 157 separate cases concluded during the past fiscal year. Like most enforcement matters, these cases have all been vigorously contested—mainly because of the large sums of money at issue—and have involved complex legal and factual issues requiring detailed written opinions explaining our determinations. Our record in having these determinations sustained on appeal continues to be excellent. During fiscal year 1987 we reduced our inventory of open cases in the enforcement area by approximately 31 percent.

We also adjudicated 294 nonenforcement cases involving petitions related to the implementation of subpart V procedures, Freedom of Information Act appeals, exception

requests, and other matters. Inventory of open nonenforcement cases was reduced by approximately 43 percent.

During fiscal years 1988 and 1989 we expect a significant increase in the number of refund applications filed, up to as many as 100,000. Indeed, in the first 4 months alone of fiscal year 1988, over 50,000 refund applications have been received. This is a threefold increase over the number received during all of fiscal year 1987. During fiscal years 1988 and 1989 we expect to continue to process substantial numbers of these refund applications, as well as resolve most of our remaining enforcement cases and the continuing flow of nonenforcement cases. This level of activity will reduce our inventory of open enforcement and other nonrefund cases at the end of each fiscal year.

Our fiscal year 1989 budget request of $4.9 million is $238,000 less than the appropriation for fiscal year 1988. This represents a ceiling of 74 full-time equivalents, a reduction of 10 FTE's from the staffing level authorized for fiscal year 1988.

This concludes my prepared presentation. I would be happy to respond to any questions which you might have.

SUMMARY OF TESTIMONY

Mr. BREZNAY. Thank you for your welcome, Mr. Chairman.

I appreciate the opportunity to be here and to appear in support of the request for the Office of Hearings and Appeals for fiscal year 1989.

We are the adjudicatory part of the Department of Energy and we continue to be active in four areas: the enforcement cases which we adjudicate——

Senator REID. What did you say?

Mr. BREZNAY. We adjudicate the enforcement cases which the policemen for the Department, namely, the Economic Regulatory Administration bring. We are also active in the Freedom of Information Act and Privacy Act area for the entire Department. Third, we are active in the exceptions area, exceptions from DOE regulations. And finally, we are busy in the refund area, which is an area that our work is mushrooming in.

As my statement indicates, we made substantial progress in reducing inventory in enforcement cases last year and in the nonenforcement adjudications that we do. Our refund work has zoomed astronomically in recent periods. We have received 40,000-plus applications in the first 4 months of this fiscal year. That represents a threefold increase over last year and, in fact, is as many refund applications as we received in the last 4 years. So we are shifting our resources over, to the extent we can, from the traditional areas more and more into the refund work.

Last year, we distributed $44 million to claimants. That makes a total of $283 million which we have refunded to small firms, individuals, schools, hospitals, counties, and States across the country, and a total of $880 million has gone out through the OHA refund process. That includes moneys to the Federal Treasury and to State governments.

I would be happy to answer any questions you might have, Mr. Chairman.

REFUND CASELOAD

Senator REID. You have already outlined what the agency has done, and your statement certainly is clear in that regard.

I guess, though, the big news in the office is that you are nearing the end of your compliance program related workload, but you will have a dramatic increase this year and next in the applications for petroleum overcharges, as you have already indicated.

Your justification on page 464 notes that you had received some 50,000 restitution applications during the first 4 months of this fiscal year.

Is that right? Is that figure right?

Mr. BREZNAY. That is right. We are still behind in logging them in. They have been coming in at a rate of about 500 per day and our docket room is a little clogged. Actually, we are still working on the month of January.

Senator REID. What is the reason for that, their coming in like that?

Mr. BREZNAY. Well, we did have a bulge right at the end of calendar year 1987. We had a deadline for filing crude oil refund applications of December 31, 1987.

Due to the remarkable inflow of applications and the fact that it was bunched at the end of the year, we decided to push the deadline off until June 30, 1988. So there was a bulge at the end of 1987, which I think is a one-time affair. Nevertheless, the community of folks out there who are filing applications is large. The rate is continuing to remain high.

Senator REID. Are you still expecting to receive a total of only 100,000 restitution applications this year and next? Is that still your figure?

Mr. BREZNAY. That is the best guess I can give, Mr. Chairman. Certainly if we kept up at the rate of 500 per day, we would be far in excess of that, but I think it is tailing off. I think 100,000 is still a good number for these 2 fiscal years.

Senator REID. What percentage of the eligible universe do you think will seek refunds?

Mr. BREZNAY. It is still a relatively small proportion. It varies from industry to industry. Sometimes, for example, there will be a trade association that has a publication and they will send it out to their members, and it will have a positive story about the refund process, so we will get a relatively high proportion of folks who are bakers or farmers who have been using the refund process to a great extent. So it varies from group to group.

AVERAGE REFUND AMOUNT

Senator REID. Do you have any projection as to what the average refund amount will be? I know this is an estimate which, in some terms, is called a guess.

Mr. BREZNAY. I hesitate to give that off the top of my head. I could get you that sort of information on applications we have processed to date.

Is it the crude oil area or all refund applications that you might be interested in?

Senator REID. Crude oil restitution.

Mr. BREZNAY. Could I go back to the office and provide that number, Mr. Chairman?

Senator REID. You may.

[The information follows:]

AVERAGE REFUND BY TYPE OF PRODUCT FISCAL YEAR 1985–88

Product	Fiscal year—			
	1985	1986	1987	1988[1]
Crude[2]			[3]$5	$63
Refined	$15,359	$18,714	3,965	8,394
All refunds	15,359	18,714	3,964	4,545

[1] As of March 3, 1988.
[2] These claimants will receive further refunds which should increase the initial payment fourfold.
[3] The average refund for fiscal year 1987 is based on a total of only three refunds.

AVERAGE PROCESSING TIME

Senator REID. Do you have an idea as to what the average time required to process an application from the time it is received until the time a restitution check is on its way?

Mr. BREZNAY. To date, before this recent bulge, we were relatively current in doing refund applications. That is, we tended to do them in the year they were received. For example, in the first year we started to do refund applications, we received about 12,000 and 10,000 of those were processed in that year. So processing time was less than a year.

I envision, though, that that is not going to be true with the 40,000 to 50,000 that we have received. We just can't move on them that quickly. Nevertheless, there are efficiencies which we are going to benefit from. I think many of them will be similar and we will process them in batches.

But I think our processing time will slip due to the crush of cases we have.

Senator REID. Would you provide for the record, a table which identifies your average processing time for each category of workload for the last 3 years and your projected processing for 1988 and 1989?

Mr. BREZNAY. I would be happy to do that, Mr. Chairman.

[The information follows:]

AVERAGE CASE PROCESSING TIME FISCAL YEARS 1985–88

[In days]

Type of case	Fiscal year—			
	1985	1986	1987	1988[1]
Compliance	519	483	651	382
Noncompliance	372	424	342	169
All nonrefund cases	419	453	450	231
Refunds	190	165	215	256
All cases	258	180	223	255

[1] As of March 3, 1988.

BUDGET REDUCTION

Senator REID. Your budget justifications indicate that you plan to utilize 10 less FTE's in 1989 than the current year. The projected savings from the lower employment level is only $238,000, or roughly $24,000 per full-time equivalent.

Will the reduction of 10 staff require a RIF?

Mr. BREZNAY. It will not. It will simply mean, Mr. Chairman, that attrition will take us down and we will not hire at the rate we would if we were going to maintain a level of 84 FTE's.

Senator REID. Have you revised your workload estimates for 1989 downward since last summer?

Mr. BREZNAY. No; in fact, they have gone upward, Mr. Chairman.

Senator REID. What was the basis for the Secretary's $443,000 reduction in your budget request, even before sending it to OMB?

Mr. BREZNAY. I think they told us that the basis was declining workload, and that must have been in the enforcement area, because our compliance adjudications have declined somewhat.

Senator REID. Did you agree with that?

Mr. BREZNAY. No; we expected a dramatic increase in the refund area and we would have preferred to remain level for fiscal year 1989.

Senator REID. You are not planning a RIF, so I would like to ask you: What is your historical attrition rate over the past 3 years? Do you have an estimate as to that?

Mr. BREZNAY. We have remained basically level in staffing. I think we lose around 15 to possibly 20 people every year, and we hire to replace that many.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. Thank you for your testimony here this morning. The committee will have additional questions which will be submitted to you in writing, and we would appreciate your response in writing.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

REFUND APPLICATION REVIEW

Question. What level of review will be given to each application? Will you attempt to verify the accuracy of the information and, if so, how?

Answer. Each refund application determination is based upon a careful, individual analysis performed by the attorney or analyst assigned to the case. In turn, each refund determination is reviewed by a Deputy Director of the office and read and signed by the Director of the Office of Hearings and Appeals. In each case, all of the information in the case is given careful scrutiny in order to test its accuracy, and independent verification is undertaken whenever possible. The level of verification is greater for larger claims. For example, purchase volume information may be verified against supplier records and pricing data verified against national industry information sources such as Platt's Oil Price Handbook and Oilmanac.

Average Case Processing Time

Question. Would you provide for the record a table which identifies your average processing time for each category of workload for the last 3 years and your projected processing time for fiscal year 1988 and fiscal year 1989?

Answer.

AVERAGE CASE PROCESSING TIME FISCAL YEARS 1985–88

[In days]

Type of case	Fiscal year—				
	1985	1986	1987	1988[1]	1989 projected[2]
Compliance	519	483	651	382	382
Noncompliance	372	424	342	169	169
All nonrefund cases	419	453	450	231	231
Refunds	190	165	215	256	256
All cases	258	180	223	255	255

[1] As of March 3, 1988

[2] In the absence of any known new efficiencies, the fiscal year 1989 rates are expected to remain the same as in fiscal year 1988.

Basis for Budget Request Reduction

Question. Have you revised your workload estimates for fiscal year 1989 downward significantly since last summer? If not, what was the basis for the Secretary's $443,000 reduction in your budget request before sending it to OMB?

Answer. The stated basis for the reduction in OHA's budget was declining caseload in fiscal year 1989. I believe that this refers only to enforcement cases, of which there indeed will be fewer in fiscal year 1989. On average, the enforcement cases are more complicated, time-consuming, and costly to handle than other activities, such as handling refund applications. A reduction in the enforcement case workload can produce a significant budget savings.

When you look at the workload data, however, you will notice that the drecrease in workload in the enforcement area is more than balanced by the extraordinarily large increase in the refund workload. Last summer, we were projecting that we would receive between 60,000 and 100,000 refund applications by the end of fiscal year 1989. However, based upon our present experience, we now project that we will almost certainly receive 100,000 refund applications by that date.

Staff Reduction Plans

Question. How do you plan to reduce your staff by 12 percent next year without a RIF?

Answer. The Office of Hearings and Appeals hires many of its financial analysts for 2-year temporary appointments under OPM schedule B hiring authority (213.3231(a)). The staffing reduction would be accomplished by simply not replacing those analysts who are departing at the end of their current commitments.

Cost Savings

Question. Why is your average savings only about $24,000 per FTE reduced when the average salary and benefits alone average $45,500 for your staff in fiscal year 1989? Are you eliminating only clerical staff?

Answer. The average savings per FTE reduction is approximately $44,300. The reduction of 10 FTE's would result in savings of $443,000, or $44,300 per FTE. However, these savings are not fully reflected in the fiscal year 1989 OHA budget submission because $205,000 was added to meet increased costs associated with the remaining 74 FTE's. Thus, the net reduction for fiscal year 1989 is $238,000. We have no plans at this time to eliminate any clerical staff.

ENERGY INFORMATION ADMINISTRATION

STATEMENT OF HELMUT A. MERKLEIN, ADMINISTRATOR

PREPARED STATEMENT

Senator REID. The subcommittee will now hear from the Energy Information Administration, our last agency this morning.

Testifying for the Energy Information Administration this morning will be its Administrator, Mr. Helmut Merklein.

The 1989 budget request totals $62,856,000, which is an increase of $1,458,000 from the fiscal year 1988 appropriated amount.

We welcome you to the subcommittee. You have a choice. We can whip through this real quick, or I am going to leave now and go vote and come back.

Dr. MERKLEIN. Let's be quick.

Senator REID. OK, good. We agree on that.

Dr. MERKLEIN. I have a statement.

Senator REID. We have your statement.

Dr. MERKLEIN. The statement is that in real terms, this year's budget is essentially unchanged from last year.

Senator REID. And you are able to handle your agency based upon that?

Dr. MERKLEIN. Yes, sir.

[The statement follows:]

STATEMENT OF HELMUT A. MERKLEIN

Mr. Chairman, members of the committee, I am pleased to appear before you today to present the fiscal year 1989 budget request of the Energy Information Administration, or EIA. This request is for $62.9 million and 470 full-time equivalent staff years [FTE's]. I consider this amount to be sufficient to continue EIA's basic mission in fiscal year 1989.

MISSION OF THE ENERGY INFORMATION ADMINISTRATION

The EIA is the Nation's primary source of comprehensive energy information. EIA provides relevant and timely energy data and analysis reports to the executive branch, Congress, State governments, and the public so that those who make decisions about energy do so with adequate information at their disposal. EIA also provides energy data, analysis and processing support to the Federal Energy Regulatory Commission [FERC] and to other Department of Energy [DOE] offices to assist them in carrying out their responsibilities.

The EIA collects, evaluates, assembles, analyzes, and disseminates data and information that are pertinent to energy resources and reserves; energy production, consumption, distribution, and technology; related economic and statistical information; and data and information that bear upon the adequacy of energy resources to meet this

Nation's demands in the near and longer term future. This is in accordance with EIA's legislative mandate.

While administratively an integral part of the Department of Energy, EIA is vested with a considerable measure of autonomy in determining both the information to be gathered and the content of EIA reports. In creating EIA, the Congress meant to establish an unbiased source of energy information and analysis. Subjects of interest to Congress, which we have recently addressed, include current and projected petroleum prices, the impact of imports on the domestic energy industries, and natural gas contracts and price decontrol.

USES OF ENERGY INFORMATION ADMINISTRATION PRODUCTS

Over the past several years EIA has continued to develop and improve the statistical quality of its products so that it has become an integral component of the Federal statistics program. Several varied uses of EIA products serve to illustrate this point.

The Bureau of Economic Analysis uses EIA's petroleum data for the gross national product accounts. The Bureau of Labor Statistics [BLS] uses our energy price data to verify the producer price index and to calculate foreign crude oil price indices. Residential energy consumption data are used by the BLS to make adjustments to the Consumer Price Index. EIA coal, electric power, and petroleum data are routinely used by the Environmental Protection Agency [EPA] for developing both area emissions estimates and new source performance standards. EPA also used our petroleum data for analysis of motor gasoline lead phasedown activities. EIA coal production data are used, and often republished, by the National Coal Association, Business Week, Energy User News, Industry Week, the Federal Reserve Board, and the Department of Labor. The Nuclear Energy Agency of the Organization for Economic Cooperation and Development relies on EIA for historical data and projections of nuclear electricity generation, associated nuclear fuel cycle requirements, and estimates of uranium resources. EIA data and analyses are used by the Secretary of Energy in the annual determination of the viability of the domestic uranium mining and milling industry. The Office of Civilian Radioactive Waste Management uses EIA data and projections of nuclear electricity generation, nuclear waste fees, and nuclear spent fuel discharges in planning and conducting the Nation's waste storage program. Our data on the various energy sources are published by the Census Bureau in their Statistical Abstract of the United States. The International Energy Agency uses EIA's information and analyses on energy sources as the official statistics to describe the U.S. energy situation in international forums and publications. Our residential energy consumption data are used in the annual report by the Senate Special Committee on Aging. EIA's nonresidential buildings energy consumption survey [NBECS] data are used by the American Society of Heating, Refrigeration, and Air Conditioning Engineers to assist in development of their building code standards. NBECS also serves as a data collection vehcile for the Census Bureau, gathering information on expenditures for building alterations and repairs.

FISCAL YEAR 1988 ACTIVITIES

During fiscal year 1988, EIA is continuing to produce and provide a stable core of publications and analysis reports. This includes major multifuel publications, such as the Monthly Energy Review, the Annual Energy Review, the International Energy Annual, the Annual Energy Outlook, the International Energy Outlook, and the Short Term Energy Outlook. Also included are the major fuel-specific publications, such as the Electric Power Monthly, the Natural Gas Monthly, the Petroleum Supply Monthly, and the Petroleum Marketing Monthly. EIA will also produce the annual oil and gas reserves report, the "Weekly Petroleum Status Report," and other weekly, monthly, quarterly, and annual reports. In addition, the redesign of the residential transportation energy consumption survey will be completed and work on the second manufacturing energy consumption survey will be initiated. EIA will continue to provide basic energy information support to the Federal Energy Regulatory Commission on a reimbursable basis to assist it in meeting the needs of its regulatory functions. EIA will also provide reimbursable support to other Government offices, such as the Office of Civilian

Radioactive Waste Management, the Strategic Petroleum Reserve Office, the Family Support Administration, and the Bureau of the Census. Finally, EIA will continue to manage the DOE energy information forms clearance program and prepare the annual DOE energy information collection budget.

FISCAL YEAR 1989 OBJECTIVES

EIA plans to remain a timely and relevant source of energy information in fiscal year 1989. The increases proposed in fiscal year 1989 are primarily to restore funds for data and analysis projects which were postponed in fiscal year 1986 through 1988 because a large amount of EIA resources in those years was devoted to the purchase of a new large-scale computer system under a long-term funding plan.

In nominal terms, the fiscal year 1989 request represents an increase of $1.5 million over the amount appropriated in fiscal year 1988. In real terms, this corresponds to a $400,000 decrease from the fiscal year 1989 base (the fiscal year 1988 budget adjusted for inflation and for salary and benefits pricing adjustments). There are several program changes within the total which I will now discuss.

NATIONAL ENERGY INFORMATION SYSTEM

The national energy information system [NEIS] contains the operational elements of EIA. They are: the Oil and Gas Program; the Coal, Nuclear, Electric, and Alternate Fuels Program; the Energy Markets and End Use Program; ADP services; information services; and the Office of Statistical Standards. The request for NEIS is $52.8 million and 439 FTE's which includes 18 FTE's reimbursed by the Federal Energy Regulatory Commission and 4 FTE's funded by the Office of Civilian Radioactive Waste Management.

While the overall budget for NEIS remains virtually unchanged, there are some minor shifts in proposed expenditures within NEIS. Program decreases in the fiscal year 1989 NEIS request total $1.1 million, and are largely the result of decreased computer equipment purchases as compared to 1988. The decreases are offset by program increases for NEIS of roughly the same amount. NEIS increases primarily involve the restoration of funds for analyses, particularly of national level markets and international and contingency issues. Staffing for the NEIS is requested at the same level as in fiscal year 1988.

The budget request for the Oil and Gas Information Program is $13.2 million. In fiscal year 1989, this program contains a small increase ($101,000) for analyses of natural gas transportation markets but otherwise remains the same in fiscal year 1988.

The fiscal year 1989 budget request for the Coal, Nuclear, Electric, and Alternate Fuels Program is $4.9 million. This program will experience a small decrease in fiscal year 1989 as we complete one-time system improvements in the electric power area.

The Energy Markets and End Use Program, which has a proposed funding level of $5.2 million, reflects a planned increase in the fiscal year 1989 request. The reason for the increase is twofold. First, in the energy consumption data area, EIA is requesting funds to conduct the nonresidential buildings energy consumption survey [NBECS]. In fiscal year 1986, we placed each of the end-use surveys on a triennial cycle. Since major changes do not occur with great frequency in these sectors, this schedule is sufficient to track and analyze major trends in each of these sectors. The NBECS is the most complex, and, therefore, the most costly, of our end-use surveys. Second, EIA proposes to increase funding for energy markets analyses ($150,000) and for international and contingency analyses ($325,000) in response to a need for such information by policy-setting Government officials. Projected declines in free world energy supply, increased demand, and upward pressures on world oil prices are expected to have a major influence on both energy prices and our ability to meet civilian and military fuel requirements. The fiscal year 1989 increase in analysis activities envisioned by EIA will include both national level energy markets analyses, and international capacity analyses in support of the Department's international and energy emergency preparedness programs and interagency analysis efforts. Through this increase, EIA will enhance its ability to contribute to the national debate on these subjects and improve its capacity to provide high quality, objective information to the Congress, the executive branch, industry, and the public.

EIA's largest program decrease ($1.1 million) in fiscal year 1989 is in the ADP Services Program; it is primarily the result of decreased computer equipment purchases as compared with 1988. As mentioned earlier, EIA is in the process of implementing a long-term computer system replacement which is scheduled to be completed early in fiscal year 1990.

In fiscal year 1989, the Information Services Program which contains the National Energy Information Center, our public information window to the world, will continue at the fiscal year 1988 level of effort. This program serves as the agency's publisher, as well as its information dissemination and general inquiry response service.

The Office of Statistical Standards is responsible for assuring the overall statistical quality of EIA's information products. In fiscal year 1989, this program will continue at the fiscal year 1988 level.

POLICY AND MANAGEMENT

The Policy and Management Program provides for overall EIA direction by the Administrator and his support staff, including such activities as planning, budgeting, contract management, and other administrative functions and services. The fiscal year 1989 proposal of $10.1 million and 31 FTE's includes a program decrease of $0.5 million after inflation. This decrease is primarily due to lower administrative overhead costs.

We all, of course, are cognizant of the impact that dangerously high deficits can have on the economy of this Nation. My plan is to insist on resource levels that are no more than what is absolutely necessary to accomplish program objectives. In the case of EIA's fiscal year 1989 budget, I believe that the recommended resource levels are reasonably sized and adequate to accomplish EIA's basic objectives.

I will be glad to answer any questions the committee may have.

FISCAL YEAR 1989 BUDGET REQUEST

Senator REID. This budget for 1989 proposes a slight increase in nominal terms, as you noted in your written statement.

However, aren't you losing ground to inflation?

Dr. MERKLEIN. Yes; we lose approximately 0.7 percent in real terms. It is a fractional reduction. It is $400,000, in real terms, of a $60 million plus budget.

Senator REID. I am reading from your closing paragraph here:

> We all, of course, are cognizant of the impact that dangerously high deficits can have on the economy of this nation. My plan is to insist on resource levels that are no more than what is absolutely necessary to accomplish program objectives.

I compliment you on your statement. It is not often we get bureaucrats who recognize things like that, and I appreciate that very much.

We have a number of written questions we will submit to you. I do have a couple that I do want to ask and try to get some oral responses.

Budget reductions are not necessarily economies, in spite of the statements that we have both talked about here the last minute or two. I am specifically interested in your original request for statistical standards. I believe you requested some $650,000 more than the Secretary agreed to include in the budget he sent to OMB.

Is that correct?

Dr. MERKLEIN. I assume that it is correct. We had what we call the program planning level budget which is presumed to be higher than what we realistically think should be the right budget. Frankly, it is in the nature of a wish list.

Let me put it this way. More realistically, our original budget request should be viewed as the target level budget. Statistical oversight funding was reduced by about $130,000 from the target request.

Senator REID. What would that additional funding for statistical standards have provided in terms of heightened confidence in the accuracy of EIA's data?

Let me tell you why I ask that question. As you are well aware, there was a considerable turmoil in the oil markets recently when you reported much higher petroleum stocks than reported by the American Petroleum Institute [API].

I am not suggesting that the subcommittee has more confidence in respective numbers. I simply want to assure you that the committee is prepared to do what is necessary to ensure the veracity of your statements. And, to go back to the original point, simply saving dollars when it is not as accurate or productive as the case may be, saving money is not the watch word necessary.

So, again, how would you have used the additional $650,000, and would it have improved the accuracy of the data base and your confidence in the data base?

Dr. MERKLEIN. The number I am looking at is $450,000 from the original wish list.

Senator REID. Rather than $650,000?

Dr. MERKLEIN. Yes, sir.

Senator REID. I think it is $650,000. But anyway it is still a lot of money. Tell us what that would have done to increase it.

Dr. MERKLEIN. We would have speeded up our audit processing or reviews of our surveys. We are now in a position where we do 11 statistical reviews on various surveys annually. We are now geared whereby, in fiscal year 1989, we will have finished a complete cycle on all surveys that we have, and then we start the cycle again.

The discrepancy on the crude oil inventory level has absolutely nothing to do with that. Part of it we think we can explain. Part of it will forever probably be unexplained.

Senator REID. These additional moneys, you feel then, would not have increased the accuracy of your projections?

Dr. MERKLEIN. No.

DIFFERENCE BETWEEN ENERGY INFORMATION ADMINISTRATION AND AMERICAN PETROLEUM INSTITUTE CRUDE OIL INVENTORY DATA

Senator REID. Would you comment briefly on the differences between your data for crude oil and the number reported by API last week?

Dr. MERKLEIN. Yes, sir.

I would prefer not to divulge any companies, but there is one area in particular where, due to a transfer of operations in PADD 3, the gulf coast area, there was an amount of 3.5 million barrels actually reported by the company and taken at face value by us which, to the best of our knowledge, API did not pick up.

That number was in error. It should have been more like 1.8. So, by not picking it up, the API number—as best as we can construe it—we open our books to them more liberally than they do theirs to us, of course—their negative 1.9 million barrel inventory movement is probably closer to zero. In addition a 300,000 barrel upward correction came from API this week.

We did find a 3.4 million amount which was reported in error, as the company has since that time indicated to us. So that on the perceived roughly 10.5 million barrel discrepancy—EIA going up 8.5 and API going down 1.9—that discrepancy, just from this one company, reduces the difference to only 7 million.

I want you to know that 7 million, out of a total inventory level of 350 million barrels or so is just really very low.

Senator REID. Are there recommendations of the professional audit review team [PART] that will not be implemented at the budget request level of $1,130,000 for statistical standards?

Dr. MERKLEIN. In fiscal year 1988 EIA increased the statistical oversight program by $200,000. These additional funds are being used to reduce our backlog of quality audits and better ensure that adequate resources are allocated to quality activities. Continuation of the increased level of activity in these areas is anticipated in the fiscal year 1989 request. This level of funding is sufficient to implement PART recommendations in the most recent report issued in April 1986.

Senator REID. I am going to have to interrupt you. I have to go vote.

ADDITIONAL COMMITTEE QUESTIONS

We have a number of questions that we desire to ask you. In fact, we had more questions for you than the other two panels. We will have to do that in writing.

We would appreciate your prompt response in answering those questions. The questions will be supplied to you forthwith, as we expect the answers to be.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

State Heating Oil Program

Question: Will the termination of State funding adversely affect EIA's ability to collect timely and reliable information under the State Heating Oil Program?

Answer: Beginning in FY 1988, EIA proposed to eliminate only the Federal subsidies to the States for data collection. The average Federal subsidy for each participating State was about $12,300 in FY 1987. Much of the information available through this program is similar to data routinely collected by EIA; however, EIA recognizes that the program may be of value to participating States. EIA will continue to meet with those States that value the program highly enough to fund their own reporting needs; to provide advice and guidance on data collection; and to consolidate and distribute the information collected by the States.

International and Contingency Information

Question: In the past, this Administration has demonstrated a reluctance to collect energy consumption data. How much of the $337,000 increase for international and contingency information is associated with the collection of consumption data?

Answer: None of the increase in this area is for energy consumption data collection. However, energy consumption projections for centrally planned economies are a part of one of the projects which will be funded with the increase.

Question: What has prompted the doubling of funding for contingency planning? Has the Administration developed new contingency planning strategies which require new data to be collected?

Answer: The need to look at U. S. energy markets as part of world energy markets has not received sufficient attention in the past. We are simply recognizing the fact that U. S. energy interests do not stop at the water's edge. The U. S. is unavoidably involved in world energy markets. We need to deal with this important reality and not look simply at the level of U. S. oil imports. This increase in funding is not the result of any new contingency planning strategy by the Administration. Recent energy debate has been dominated by issues related to world oil prices, increased oil imports into the United States, worldwide refinery developments, and electrical generation capacity. Projected declines in Free world energy supply, increased energy demands, and upward pressures on world oil prices are expected to have a major influence on both energy prices and our ability to meet civilian and military fuel requirements.

Specifically, there are three projects which comprise this increase. First, we plan to fully develop and implement our international refinery capacity model which will expand our worldwide refinery analysis capability and support our contingency analysis (crude oil supply disruption) efforts. Second, we plan to expand our International Energy Outlook to include assessments of energy demand in centrally planned economies and their net energy trade with the market economies, including country-level supply and consumption projections by fuel type. Third, we plan to design and establish an international electricity data base, including new plant additions, fuel requirements, fuel-switching capability, and generation capacity. These data will significantly enhance our ability to assess the impact of market developments such as price changes in primary fuels and changes in the availability of various fuels. The data base will also

support our electricity demand projections in the International Energy Outlook.

Question: What new information on international electrical generation will be collected, and how will it be useful?

Answer: Currently, the international electricity information program focuses on hydroelectric generation and nuclear electric generation. We plan to design and establish an overall international electricity data base that will include thermal electricity generation using fossil fuels. The expanded data base would also include new plant additions; fuel requirements for oil, natural gas, and coal; fuel-switching capability; and total generation capacity. These data will significantly enhance our ability to assess the impact of changes in the price and availability of oil, coal, and natural gas. The information will also help to analyze the adequacy of international generation capacity for the electricity demand of the 1990's. As a result of these improvements, the new data will significantly enhance the electricity demand projections in the International Energy Outlook.

Administrative Support Funding

Question: Your justification proposes a reduction of $491,000 from the FY 1988 base "due largely to expected efficiencies in the administrative support area." How did you arrive at that figure? There does not appear to be any reduction in personnel associated with this decrease. Would you share with the Subcommittee your plan to achieve these savings.

Answer: Over the past 2 years, increases in expenses for such items as rental payments to GSA and installation of a new telephone system have far exceeded the prescribed budget inflation rate. EIA reduced planned program funding in the budget requests for FY 1987 and FY 1988 to cover administrative overhead estimates. As a result, EIA asked the Department to help identify those areas in which we could more directly control overhead expenses. In FY 1987, we were able to save enough money from the original Department estimate to cover the pay raise for EIA. In FY 1988 there will be another large (17.6 percent) increase in rental payments and we will continue to pay for the new phone system. However, in FY 1989, once those costs have normalized, we believe that, based on our experience in FY 1987, we will be able to reduce overall administrative overhead costs by 5 percent after inflation.

Question: It appears from the justification that telephone costs are staying even and that printing costs are actually going up. Most of the reduction will come from "supplies and materials" which drops from $225,000 in FY 1987 and $182,000 in FY 1988 to only $16,000 in FY 1989. Please explain and provide a detailed listing of the actions required to effect this reduction.

Answer: The $16,000 was in error. EIA estimates that supplies and materials in FY 1989 will be $178,000. The lines which should be revised on the Object Class Summary on page 491 of the budget are: (dollars in thousands) Communications, utilities, and other rent from $2,027 to $1,975; Printing and reproduction from $1,044 to $1,008; Other services from $1,305 to $1,231; and Supplies and materials from $16 to $178.

Question: Do you feel that these reductions will adversely affect your programs?

Answer: We do not anticipate that these reductions will adversely affect our programs. On the contrary, freeing up funds from administrative overhead provides needed funding for our core data and analysis programs.

FY 1988 and FY 1989 Pay Raises

Question: You are not requesting supplemental funding in FY 1988 for the 2 percent pay raise which was effective this past January. What will be the total FY 1988 cost of this raise?

Answer: We estimate that the total cost of the pay raise in FY 1988 will be about $310,000.

Question: How does EIA plan to absorb these costs?

Answer: EIA expects to absorb the pay raise using salary and benefits funding within the current budget. EIA estimates that the source of funding for the pay raise is divided about equally between the lower FERS participation and the lower costs associated with entry level staffing. The original FY 1988 request was based, in part, on an optimistic assumption on the number of employees who would switch to the new Federal Employees Retirement System (FERS). The estimate also assumed filling vacant positions at the full performance level. Only 5 employees switched to FERS from the old retirement system, and EIA instituted a hiring effort to fill a large number of vacancies at the entry level with promotion potential to the full performance level over the next few years.

Question: Have you budgeted for an FY 1989 pay raise?

Answer: The FY 1989 request does not include funding for a pay raise in that year.

Question: What planned activities in your FY 1989 request will have to be deferred or dropped if you must absorb this pay raise?

Answer: We reexamine our program requirements and cost estimates at the beginning of every fiscal year to ensure that the execution of our budget will reflect current needs and result in a cost-effective utilization of resources. We would determine our ability to absorb the pay raise at that time.

FTE's in Support of Others

Question: Your prepared remarks indicate that EIA will be reimbursed for 22 FTE's in FY 1989, but the justification provides a figure of only 18 FTE's for this purpose. Which is correct?

Answer: The Federal Energy Regulatory Commission (FERC) transfers funds to EIA to pay for 18 FTE's, and the Office of Civilian Radioactive Waste Management directly budgets for 4 EIA FTE's. Thus a total of 22 FTE's within EIA are funded by outside appropriations.

Salary and Benefits Funding

Question: Your budget includes a base increase of $438,000 for "salary and benefits pricing adjustments." What are the components of that increase?

Answer: The increase provides for increased contributions to retirement (FERS) of about $60,000, promotions and within-grade increases of approximately $288,000, and the full year impact of the FY 1988 pay raise in FY 1989 of $90,000.

Federal Employees Retirement System

Question: Has the new Federal Employees Retirement System (FERS) increased your costs in 1988?

Answer: Increased Government contributions to FERS has increased the benefits portion of EIA's salary and benefits costs in 1988. To date, FERS participants have mostly been new entrants into the Federal workforce. The extent to which vacancies are filled with new Federal employees and the rate which they choose to contribute to the FERS thrift plan will determine the rate at which EIA matching contributions to FERS will increase.

Another factor is the employee's salary because FERS thrift plan contributions are a percentage of salary. Many of the new FERS employees have been hired into entry-level positions which has the effect, initially, of lowering the average salary for the organization which partially offsets the increase in benefits contributions due to FERS. Of course, as new entrants are promoted and as more employees are included into FERS, government contributions should continue to increase each year for many years to come. It will be several years before enough data are available to make reliable projections, which of course adds some uncertainty to our salary and benefit projections.

Question: Have you requested additional funding in FY 1989 for the FERS program?

Answer: The FY 1989 request for EIA includes a 2 percent increase in salaries and benefits to cover increased contributions to FERS, promotions, and within-grade salary increases.

No-Year Money

Question: Your budget request once again proposes that $1 million of your appropriation remain available until expended. Your justifications state that the proposal "would enable EIA to maintain uninterrupted services during the transition to a new fiscal year." Please examine Title I, Section 106, of the Interior Appropriations Bill and provide an analysis of whether this provision would meet your needs, were similar authorities made available to your agency.

Answer: While a revolving fund could be useful in the financial management of our computer facility, we believe that "no-year money" for $1 million would be more efficient and less complex to administer in addressing the problem of providing uninterrupted services for the users of the computer facility maintained by EIA.

FTE Funding and Staffing

Question: On page 475 of the justifications the amounts you actually spent on each program in 1987 are precisely the amounts you indicated you were going to spend in the FY 1987 column of last year's justification. Program direction is the one exception. This is all the more remarkable since you indicated you would use 417 FTE's but actually used only 397. Is your control of EIA programs such that funds can be obligated almost to the dollar?

Answer: The 1987 column does not reflect actual obligations. The numbers represent the 1987 appropriation as adjusted to cover the pay raise in that year, hence the change in program direction.

Question: You underutilized FTE's by 58 in 1987, when your actual use of 397 is compared to the figure of 455 that was included in your 1987 justifications. How much was saved because these positions remained vacant and how were these funds used?

Answer: EIA direct-funded FTE's were underutilized by 20 , not 58, in FY 1987. The actual utilization of direct-funded FTE's in 1987 was 428--397

in the National Energy Information System and 31 in Policy and Management. The original FY 1987 total EIA FTE request was 479--455 direct-funded by EIA, 20 reimbursed by the Federal Energy Regulatory Commission (FERC), and 4 funded by the Office of Civilian Radioactive Waste Management (OCRWM). In the FY 1988 OMB passback the Department was assessed an FTE reduction for both FY 1987 and FY 1988. EIA's portion of that reduction was 9 FTE's in each year. Thus, the final authority for EIA was 470 FTE's--448 direct-funded by EIA, 18 reimbursed by FERC, and 4 funded by OCRWM.

The $900,000 not needed for salary and benefits expenses due to FTE reductions and underutilization of FTE's in FY 1987 were obligated for contract expenses in those areas in which there were insufficient in-house staff to get the job done.

Question: Last year your justifications indicated that you actually used 397 FTE's in 1986, but would use 417 in 1987. This year's justifications say that you actually used 397 FTE's in 1987, but you will use 417 in 1988. Can we expect that next year we will find out that your actual FTE use was 397 in 1988?

Answer: A successful recruiting program, begun in October 1987, has enabled EIA's onboard staffing level to rise rapidly. We are confident that we can hold our own against attrition for the remainder of the fiscal year and enter FY 1989 at our full staffing level.

Question: Would you explain to the Subcommittee why it is that your seem unable to staff up to the levels contemplated in your budget? I see no need for the Subcommittee to fund additional staff, if you can carry out your programs effectively at the lower staffing level.

Answer: EIA has had difficulty in the past in staffing up to its authorized levels, but we believe the tide has turned. Severe attrition resulting from an agency-wide grade reduction effort has only recently subsided. At the same time, we have intensified our recruiting efforts, especially at the entry levels, and have attracted 31 new employees, between November 1987 and February 1988, from outside EIA. During the period of staffing shortfall, EIA met its program responsibilities by increasing utilization of its contractors to perform a greater amount of support tasks.

Monthly Energy Review

Question: You are requesting an additional $50,000 for preparation of the Monthly Energy Review. How much was budgeted in 1987 and 1988? Why do you need this increase in 1989?

Answer: During FY 1987 the Monthly Energy Review required a good deal of overtime work and shifting priorities by in-house staff in order to meet publication dates. In FY 1989, we propose to increase contract funding for this effort, that is to say, we would shift some of the statistical analysis and publications preparation work to a contractor and eliminate the overtime demands on in-house staff. The planned contract budget for this effort would increase from about $225,000 in 1987 and 1988 to $275,000 in FY 1989.

SUBCOMMITTEE RECESS

Senator REID. The subcommittee stands in recess until Tuesday, March 15 at 10 a.m. when we will hear testimony from the Indian Health Services and Indian Education.

[Whereupon, at 10:42 a.m., Wednesday, March 2, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 15.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

TUESDAY, MARCH 15, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:57 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senator Reid.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES ADMINISTRATION

INDIAN HEALTH SERVICE

STATEMENT OF DR. EVERETT R. RHOADES, DIRECTOR

ACCOMPANIED BY:
ROBERT SINGYKE, DEPUTY DIRECTOR
MILBURN H. ROACH, ASSOCIATE DIRECTOR FOR ADMINISTRATION AND MANAGEMENT
BILL F. PEARSON, ASSOCIATE DIRECTOR, OFFICE OF ENVIRONMENTAL HEALTH AND ENGINEERING

PREPARED STATEMENT

Senator REID. The committee will come to order.

Today, the committee will take up the fiscal year 1989 budget of the Indian Health Service.

The fiscal year 1989 budget request is $986,772,000. This is a decrease of some $19,036,000 below last year. The $19,036,000 reduction is made up of an increase of $41,025,000 for Indian Health Services and a decrease of $60,061,000 for Indian Health facilities. The President's budget provides funding for only one construction project in 1989.

Dr. Everett Rhoades is our principal witness today. Welcome, Dr. Rhoades. The statement that you have prepared for us, the full statement, will be made part of the record.

[The statement follows:]

STATEMENT OF DR. EVERETT R. RHOADES

I am Dr. Everett Rhoades, Director of the Indian Health Service. I am accompanied by Mr. Robert Singyke, Deputy Director, Mr. Milburn Roach, Associate Director for Administration and Management and Mr. Bill Pearson, Associate Director, Office of Environmental Health and Engineering. We are pleased to be here today to discuss with you the Fiscal Year 1989 budget request for Indian Health programs.

The Indian Health Service (IHS) is the Federal agency charged with administering the principal health program for American Indians and Alaska Natives. On January 4, 1988, by order of the Secretary of Health and Human Services, the IHS became one of seven agencies of the United States Public Health Service. The goal of the IHS is to raise the health status of American Indian and Alaska Native people to the highest possible level. Its mission is threefold: 1) to provide or assure the availability of high quality, comprehensive, and accessible health services; 2) to provide increasing opportunities for Indians to manage and operate their own health programs; and 3) to serve as a health advocate for Indian people. In FY 1989, the IHS will continue its mission by providing comprehensive health services to over one million Indian and Alaska Native people.

Since the transfer of Indian Health programs from the Department of the Interior to the Public Health Service in 1955, the health status of Indians has improved dramatically. The infant mortality rate for Indians has been lowered to below that of the general population and the 1985 age adjusted mortality rate for deaths due to gastrointestinal diseases for American Indians and Alaska Natives residing in reservation states fell below that for the U.S. All Races population. Death rates associated with accidents and alcohol abuse also continue to decline. Indians have lower age-adjusted mortality rates from heart disease and cancer than do non-Indians, but have higher rates from diabetes, chronic liver diseases and influenza. Largely because of programs initiated by the IHS, Indian children are inoculated at a greater rate (87 percent) than non-Indian children (78 percent).

The IHS comprehensive delivery system is composed of two principal components. The clinical services delivery system, administered directly by

IHS staff, operates 45 hospitals, 65 health centers, 6 school health centers, and 267 smaller health stations and satellite clinics. In FY 1987, the IHS staffed facilities provided for approximately 3.6 million ambulatory visits and 76,000 discharges.

The FY 1989 budget request provides an estimate of resources available for tribal health programs. These programs, which are administered by tribes and tribal organizations through contracts with the IHS, operate 6 hospitals, 70 health centers, one school health center and 262 smaller health stations and satellite clinics. In FY 1987 the tribally operated facilities provided for about 858,000 ambulatory visits and 6,000 inpatient discharges.

The second component is the contract health services program. This mode of health care delivery purchases medical care from non-IHS and non-tribal providers. We consider contract health services to be an important and integral part of the comprehensive IHS and tribal health care system. Contract health services represent services either not available in IHS's direct or tribal health care facilities, or in locations where no IHS or tribal facility exist. The IHS program has approximately 2,000 contracts with private providers primarily for the delivery of specialty care. In addition, there are 33 urban Indian health projects providing various referral and health services.

For FY 1989, the budget request for the IHS includes $1,063.4 million in total obligations and $989.7 million in budget authority of which $987.3 million is for Indian Health services, and $2.4 million is for the Indian Health Facilities modernization and repair program currently under the Indian Health Facilities appropriation. This represents a four percent increase over the FY 88 appropriation for health services. Reimbursements included are $76.7 million, of which $66 million is expected to be collected from Medicare and Medicaid sources. These funds will be used to attain and maintain accreditation of IHS facilities as required by law. We would like to point out, however, that to maintain accreditation, the IHS currently expends these funds on a variety of things including: health professionals, medical equipment, medical supplies,

etc. All of the FTE's, services, and materials purchased with Medicare/Medicaid funds contribute directly or indirectly to the provision of services in IHS facilities.

During FY 1989, the IHS will continue the level of services as authorized and funded in FY 1988, emphasizing the tribal programs and commitment to Indian Self-Determination. The continued level ensures a quality of care and flexibility necessary to address the immediate health care needs of the Indian people.

In order to maintain a quality health care delivery system in the future, the IHS will initiate policy and management strategies that will continue a cost effective and efficient program. As we move into the 1990's we anticipate a growing beneficiary population, continued increase in demand for services, and increased Medicare/Medicaid collections. A number of our current objectives address the initiatives that we feel will help us better meet this need.

These objectives include a focus on health promotion and disease prevention, emphasis on quality assurance, and attention to youth, alcohol abuse, accidents and violence. Considerable progress has been made by IHS in achieving the Department objectives for the Nation for 1990 and some have already been met, e.g., smoke-free facilities, and age appropriate childhood immunization at 87 percent.

We have placed significant emphasis on health promotion and disease prevention (HP/DP) in all IHS areas. Each IHS Area Office has an HP/DP plan in effect. During FY 1987 a special national conference on health promotion and disease prevention was held in which Tribal leaders and the IHS exchanged ideas and plans for a healthy future.

The greatest impact on the overall health status of the American Indian and Alaska Native population will be achieved by promoting healthful life styles; instituting community injury control programs, and continuing the provision of disease prevention services. These advances require a different model of

health care delivery than the "traditional" physician-patient relationship and success will be achieved, not by physicians, but by health educators, public health officers and nurses, and community health workers. Equally important, success will depend upon the degree to which each community makes a commitment to changing the life style of its members.

The IHS, in cooperation with Indian communities, has launched a multifaceted campaign to attack alcoholism and substance abuse. A major component of this campaign is prevention based upon education, especially of the young. In FY 1987, two regional treatment centers for the care of the young, were established: one at Tahlequah, Oklahoma and another at Acomita, New Mexico. Additional centers will be established in FY 1988.

The FY 1989 budget places a major emphasis on Indian self-determination. We are making every effort to smooth the process of initiating and expanding self-determination contracts. To convey the Administration's support for current and potential self-determination efforts, the FY 1989 budget has separately identified resources for tribally administered health programs and recognizing that the transitional costs of initial or expanded contracts, grants and cooperative agreements are a major concern to current and potential contractors, we have again requested a $2.5 million self-determination fund.

In order to continue to strengthen the management of the IHS, we will continue to stress a blend of responsiveness, timeliness and quality in our relationships with the Tribes and tribal organizations, the Congress and with other governmental agencies. We have instituted a number of efforts that we feel will enhance program management. An example is the continuation of the use and evaluation of a fiscal intermediary for payment of bills incurred as a result of the purchase of health care from private and other vendors. We are also continuing to evaluate and refine our method for the equitable allocation of resources among tribes and service units, with the goal of providing available health care resources directed at the area of greatest need.

We continue to establish and formalize relationships with non-Federal health organizations for the benefit of tribes. For example, our effort with the

American Red Cross and local Red Cross chapters emphasizing health education about such subjects as human immunodeficiency virus (AIDS), will continue. It is expected that tribal communities will be strengthened by this relationship and have more resources available to their tribal members.

Another feature of the 1989 request is a proposed $2.5 million to assess and possibly offset the costs of relocating the IHS main headquarters. We shall be reviewing the location of management personnel in relationship to service delivery sites and people to be served. This review will be conducted in cooperation with the Congress and tribal organizations prior to any final decision on relocation.

Mr. Chairman and members of the Committee, I will be pleased to answer any questions you may have on the specifics of the FY 1989 budget request.

INTRODUCTION OF ASSOCIATES

Senator REID. What we would like you to do today, if you would, please, is summarize your statement. Then we'll get to some questions that we have come up with.

Dr. RHOADES. Thank you very much, Mr. Chairman.

My name is Everett Rhoades. I'm the Director of the Indian Health Service. I'm accompanied today by Mr. Robert Singyke, Deputy Director of the Indian Health Service, on my far left; Mr. Milburn Roach, the Associate Director for Administration and Management of the Indian Health Service, on my immediate left; and Mr. Bill Pearson, the Associate Director of the Office of Environmental Health and Engineering on my right.

We're pleased to be here today to discuss with you the fiscal year 1989 budget request for Indian health programs. I appreciate your comment about summarizing and making a few points in relationship to the opening statement, which I would like to do.

It is worthwhile, I believe, to point out that in fact, since 1955, when the Indian Health Service became part of the Public Health Service——

Senator REID. When was that?

Dr. RHOADES. 1955. Since that time, the health status of Indian people has indeed improved dramatically. The infant mortality rate for Indians has now been lowered to that below the general population. In the 1985 age-adjusted mortality rate from gastroenteritis, which used to be a devastating disease for Indians, the death rate of that condition is now less than the death rate for that condition for the general U.S. population.

The death rates associated with accidents and alcohol also continue to

decline, even though they continue at a higher rate than for the rest of the population.

Largely because of the programs initiated by the Indian Health Service, Indian children are innoculated at a greater rate than are non-Indian children of this same age in this country.

The 1989 budget request, as you pointed out, is $987.3 million for Indian Health Services and $2.4 million for Indian Health facilities' modernization and repair program which is currently under the Indian Health facilities appropriation.

During 1989, the Indian Health Service will continue the level of services as authorized and funded in 1988, emphasizing tribal programs and continued commitment to Indian self-determination. The continued level ensures a quality of care and flexibility necessary to address the immediate health care needs of the Indian people.

As we move into the 1990's, we anticipate a growing beneficiary population, continued increase in demand for services, and increased Medicare and Medicaid collections. A number of our current objectives address the initiatives that we feel will help us better meet this need. These objectives include a focus on health promotion and disease prevention, emphasis on quality assurance, and attention to youth, alcohol abuse, accidents and violence.

Considerable progress has been made by the Indian Health Service in achieving the departmental objectives for the Nation for 1990 and some of these objectives have already been met; that is, the establishment of a smoke-free environment throughout the Indian Health Service and the age-appropriate childhood immunization that I've already mentioned.

It's important to point out, I believe, also that the greatest impact on the overall health status of American Indians and Alaskan Natives will be achieved by promoting healthful lifestyles, instituting community injury control programs, and continuing the provision of disease prevention services. These advances require a different model of health care delivery than the traditional physician-patient relationship and success will be achieved not by physicians alone, but by health educators, public health officers and nurses, and community health workers.

Equally important, the success will depend upon the degree to which each community makes a commitment to changing its own lifestyle.

I've already mentioned that the 1989 budget also places a major emphasis on Indian self-determination. We are making every effort to smooth the process of initiating and expanding the self-determination contracts. To convey the administration's support for current and potential self-determination efforts, the 1989 budget has separately identified resources for tribally administered health programs.

Recognizing that the transitional costs of initial and expanded contracts, grants and cooperative agreements are a major concern to current potential contractors, we have again requested $2½ million for a self-determination fund.

Mr. Chairman, I'd be pleased to answer any questions that you may have regarding specifics of the 1989 budget request.

ASSESSMENT OF HEALTH CARE—ARIZONA

Senator REID. Thank you. The 1988 conference report included $200,000 for an assessment of urban health needs in Arizona. This was to be completed in August 1988.

Has that work started?

Dr. RHOADES. No; it hasn't started yet. We anticipate letting a contract to an outside organization by the end of this month.

The Indian Health Service has developed a planning document which includes: Purpose, scope, action plan, and a time line.

The planning document is currently being reviewed by the committee. When the review comments are received by IHS an assessment design will be completed.

The study will be done by contract under the requirements of the Federal acquisition regulations [FAR].

Senator REID. And will they be able to complete it by the end of August?

Dr. RHOADES. Yes, sir; I believe they will.

Senator REID. Your justification states that it is likely that modification of resource allocation strategies for urban Indians in Arizona will occur as a result of this assessment. How is it that you have been able to come to that conclusion prior to completion of the assessment?

Dr. RHOADES. The correct interpretation of the statement is that IHS is currently developing a resource allocation methodology to be used in allocating resources to all 33 urban Indian health programs with the goal of attaining equity and is planning to conduct a health needs assessment of all urban health programs. IHS plans to utilize elements of the methodology developed in the Arizona effort to assess needs in all the urban communities served by IHS. Future allocations would then be based upon the needs defined by these elements as appropriate.

Senator REID. What else can be done to move this along for Senator DeConcini?

Dr. RHOADES. We are doing everything we can to bring this project to completion.

LEASE SPACE—OKLAHOMA/BEMIDJI OFFICES

Senator REID. Last year, the subcommittee was concerned about reports of inadequate and even substandard office space at the Oklahoma area office. The conferees directed that these offices be improved.

What has been done to carry this out?

Dr. RHOADES. We have been in continual negotiation with the General Services Administration, which has the responsibility for the space availability of the Indian Health Service.

I'm sorry to say that we have not been completely successful yet, although I think a good deal of progress has been made. I believe that within the reasonable near future, we will be able to improve the space.

Senator REID. That's 6 months, or 3 months, or what?

Dr. RHOADES. I would say 6 months to 1 year.

Senator REID. This fall?

Dr. RHOADES. Yes, sir.

Senator REID. Will there be additional costs in upgrading this space? How much?

Dr. RHOADES. The IHS estimates that $250,000 will be needed in fiscal year 1989 for upgrading Bemidji area office space. In Oklahoma City, we are moving the area office to another better suited for our needs; this move will be a one-time additional cost of $100,000. We estimate that this should be recouped in less than 2 years due to decreased rental costs.

LEASE PURCHASE—ANCHORAGE

Senator REID. The 1988 Interior Appropriations Act included the requirement for a report due by June of this year which addresses the authority for lease-purchase contracts. This relates to the Anchorage facility.

Do you have the status of that?

Dr. RHOADES. Let me ask Mr. Pearson to reply to that.

Senator REID. Please.

Mr. PEARSON. We are currently evaluating the proposal of the Alaska Native Corporation for a lease-purchase arrangement for the Alaska facility. We are working with the General Services Administration to make sure that this is an acceptable format with which to initiate such a lease-purchase arrangement.

Senator REID. Do you have any preliminary conclusions at this time?

Mr. PEARSON. Yes; we basically feel as though it appears that the lease-purchase option is a viable option for obtaining a facility for the Anchorage Native Medical Center.

WARM SPRINGS PROJECT

Senator REID. Last year, the conferees directed that the demonstration program of the Warm Springs Tribe in Oregon be continued this year at the same level as 1987, and that the Indian Health Service and the tribe work out whatever differences that exist, and that a report was to be submitted to the subcommittee by February 1, 1988.

Has that report been sent to the subcommittee?

Dr. RHOADES. That report has been completed, Mr. Chairman, and has been submitted through channels in the Department to the Senate.

Senator REID. So the answer is, no, we haven't gotten it yet.

Dr. RHOADES. That's correct.

Senator REID. Do you know when we will?

Dr. RHOADES. I would believe in a very few weeks, at the most.

Senator REID. Your justification indicates that the Warm Springs program will be reevaluated in early fiscal year 1988. We're now almost half-way through the fiscal year. Has the reevaluation been done? If so, what did you find?

Dr. RHOADES. The Warm Springs Demonstration Program was reevaluated in January 1988, by the Indian Health Service's Portland Area Alcoholism/Substance Abuse Coordinator.

The evaluation of the Warm Springs program indicated that the program has made significant improvements. The tribe has addressed all deficiencies identified in the initial evaluation. Last, a strong cooperative working relationship has been established between the Warm Springs Tribe and the IHS.

FUNDING TRIBAL CONTRACTS/GRANTS

Senator REID. On page 3 of your budget justifications, you're requesting $245,134,000, which "shall be made available exclusively for funding grants and contracts for tribal health program activities."

The proposed language would allow this funding to be used only for grants and contracts, and therefore, not for direct health care. Public Law 93–638, the Indian Self-Determination and Education Assistance Act, permits tribes to retrocede programs to the Indian Health Service.

If this language were adopted, how would this affect a tribe's right to retrocession? Since funding for grants and contracts could not be used for direct health programs, a tribe which retroceded its program would have no funding available to run the program.

Isn't this a conflict and, if so, how do you reconcile that?

Dr. RHOADES. We believe that the language, as it stands, should not directly affect the ability of a tribe to retrocede, which you correctly pointed out that the funds being used exclusively for grants and contracts, it would seem, would not be available to the Indian Health Service to operate the retroceded program directly, in which case it is my expectation that we would request from Congress authority to reprogram those funds for use in directly operating those programs. If a tribe requested to exercise its rights to retrocede a program, the IHS would ask the Congress to take the appropriate action to permit the use of these funds for direct operation of the program by IHS.

INDIAN HEALTH FACILITIES

Senator REID. The Congress, over the past 7 years, has consistently provided moneys, actually between $45 and $85 million, for construction of Indian Health facilities. The Congress has recognized the tremendous continuing need for these facilities, as evidenced by the large amounts of money appropriated.

How does the administration rationalize requesting less than $3 million this year for Indian Health facilities?

Dr. RHOADES. The rationale for this request, Mr. Chairman, is the same as it has been for the last few years, given the severe constraints imposed upon the United States as reflected in the continuing budget and so forth. The priority for allocation of funds has gone to preservation of the direct care services, in this instance, at the expense of constructing facilities.

Senator REID. What process was used to pick the one project—that is, the repair and remodelling of Mount Edgecumbe, Alaska Hospital—how was that arrived at?

Mr. PEARSON. Basically, Mr. Chairman, it was the next project on the priority list.

Senator REID. I see.

Mr. PEARSON. We have a priority list of repair and improvement projects.

Senator REID. So the process was very simple. It was just the next one on the list.

Mr. PEARSON. That's correct.

Senator REID. Please provide for the record a listing of all high priority construction projects which could be obligated in fiscal year 1989, if funding were available. Include a description of the project, the dollar amount, and the estimated obligation date.

Dr. RHOADES. I will supply that for the record.

INDIAN HEALTH FACILITIES

CONSTRUCTION OF NEW HOSPITALS, HEALTH CENTERS, AND PERSONNEL QUARTERS

Project and description	Estimated obligation date	Previously appropriated amount	Total cost estimate
Anchorage, AK, medical center—Design facility	July 1989	$2,500,000	$123,500,000
Wagner, SD, health center—Construction of facility and purchase of equipment	Sept. 1989	4,227,000	4,686,000
Kotzebue, AK, hospital—First phase construction	Sept. 1989	20,790,00	44,620,000
Fort Belknap, MT, health facilities—Site, utility construction	June 1989	298,000	10,105,000
Fort Hall, ID, health center—Construction of facility and purchase of equipment	June 1989	5,474,000	6,010,000
Barrow, AK, quarters—Construct quarters	Sept. 1989	6,300,000	13,475,000
Taos, NM, health center—Conduct feasibility study	March 1989	50,000	3,780,000
Tohatchi, NM, health center—Design facility	May 1989	581,000	8,300,000
Fort Yuma, AZ, health center—Design facility	May 1989	667,000	5,970,000
Winnebago, NB, hospital—Conduct planning studies	March 1989	50,000	[1]
Phoenix, AZ, medical center—Conduct planning studies	May 1989	150,000	[1]
Pinon, AZ, health center—Conduct planning studies	March 1989	50,000	[1]
White Earth, NM, health center—Design facility	June 1989	982,000	9,140,000
Montezuma Creek, UT, health center—Conduct planning studies	March 1989	50,000	[1]
Stilwell, OK, health center—Design facility	May 1989	402,000	5,741,000

[1] Cost estimates will be determined as soon as planning studies are complete, and the need for a new or modernized facility is justified.

MODERNIZATION AND REPAIR OF EXISTING IHS FACILITIES

At present, the IHS areas have proposed more than 40 needed modernization and repair projects. Upon completion, these 40 projects will have corrected approximately 20 percent of the modernization, repair, and improvement deficiencies identified for IHS facilities. From these proposals a national priority list of the 10 most urgent projects has been developed. Design and preparation of contract documents for the 10 priority projects has been initiated.

Below is the list of the 10 most critical modernization and repair projects in priority order.

Proposed modernization and repair projects

Priority list[1]	*Project cost*
Alaska—Mount Edgecumbe (Hospital phase 2)	$2,200,000
Design fund	500,000
Navajo—Gallup	780,000
Oklahoma—Talihina	644,000
Albuquerque—Various hospitals	830,000
Emergency and small projects fund	500,000
Portland—Various locations	503,000
Bemidji—Cass Lake	701,000
Phoenix:	
Whiteriver	491,000
Keams Canyon	1,304,000

[1] All costs in 1989 dollars.

SANITATION FACILITIES

Based on the past experience it is estimated that $94 million, if available could be obligated in fiscal year 1989, although, we have not yet identified offsets within the levels agreed to in the bipartisan budget agreement. Although, the Indian Health Service may be requested to assist with the construction of sanitation facilities, we believe that the entity provided funding for the housing should also provide funding for construction of sanitation facilities.

Bureau of Indian Affairs Home Improvement Program	$9,000,000
Tribal/other	18,000,000
Subtotal new/renovated	27,000,000
Existing homes O&M equipment/emergency fund	60,000,000
Special ($5 million) Navajo new lands	7,000,000
Subtotal	67,000,000
Total	94,000,000

NAVAJO-HOPI RELOCATION

Senator REID. During last year's hearing, the Service testified that no additional funding was needed in 1988 for construction of sanitation facilities relating to the Navajo-Hopi relocation program. The subcommittee was told that Phase II of the sanitation project, totalling some $5 million, would not be needed until fiscal year 1989.

Is the $5 million included in your 1989 request? And if not, why not?

Mr. PEARSON. No, Mr. Chairman; it's not.

Senator REID. And why not?

Mr. PEARSON. For basically the same reason that Dr. Rhoades mentioned before. Because of the physical constraints and the increasing

Federal deficit, we've had to give a higher priority to the provision of direct medical care.

We do have money that we received 2 years ago from Congress for phase 1 of the project, and that will take the houses that are presently being—that have already been built, they can be served on phase 1 of that water supply system. And phase 2, any houses that are built on phase 2 will work with the relocation commission to utilize temporary facilities of some sort.

Senator REID. That was my next question. The Bureau of Indian Affairs was provided moneys for construction of homes that would be served by the sanitation project. And you've explained what would happen in that case.

Is that right?

Mr. PEARSON. Yes; if the homes are not located on the phase 1 water line, then we'll work with the Bureau of Indian Affairs to try to establish some sort of temporary water-hauling procedures that will help them over a period of time.

Senator REID. The Bureau of Indian Affairs was provided $22 million to construct the homes that would be served by this sanitation project. What is the status of the BIA construction? How many homes were constructed through fiscal year 1987? In fiscal year 1988? In 1989?

Dr. RHOADES. Through 1987, 19 homes were completed. It is presently projected that 130 homes will be completed in fiscal year 1988. The BIA estimates that between 100 and 150 homes will be completed in fiscal year 1989; however, the locations are not yet determined.

Senator REID. What funding would be needed in fiscal year 1989 to serve all homes built through fiscal year 1989?

Dr. RHOADES. The funding required for sanitation facilities will be dependent upon the number of housing requests approved and the location of those homesites. The homes constructed through 1989 which are adjacent to the water system constructed under phase 1 can easily be served at relatively low cost. If homes are constructed through the phase 2 area, the entire $5 million phase 2 funding amount will be required by mid-year fiscal year 1989. Even with phase 2 funding, the interim systems may still be required if homesites are located at great distances from the sources and the storage proposed for the phase 2 system.

STAFFING—SACATON/KANAKANAK

Senator REID. Last year at this same hearing, there was discussion regarding the funding and staffing needed for the Sacaton and Kanakanak Hospitals and the fact that your 1988 request included no provision for operating these two facilities.

In fact, we added funding and report language for these two facilities.

What is the current status of operations at these hospitals and how much has been included in your 1989 budget for their operation?

Dr. RHOADES. I'll ask Mr. Roach if he might address that?

Mr. ROACH. Mr. Chairman, the status of the hospitals is that the Kanakanak Hospital is currently in full operation and the hospital at Sacaton is scheduled to be ready for operation in May of this year.

The 1988 appropriation did indeed include some increases for those facilities and the 1989 budget will permit the continuation of that level of funding that was contained in the current appropriation, along with an annualization of the cost for the positions that we received for the Sacaton Hospital.

STAFFING NEW FACILITIES

Senator REID. It doesn't appear that there are any moneys in your budget request for staff at newly constructed facilities.

Is that correct?

Mr. ROACH. That's correct.

Senator REID. How are you going to handle that?

Mr. ROACH. It would be our expectation that we could use existing staff at the existing facilities, along with a redirection of staff throughout the Indian Health Service to meet the staffing needs at those facilities scheduled for completion in 1989.

Senator REID. Are you comfortable with that?

Mr. ROACH. We feel that we can assure that services will be provided at those facilities.

Senator REID. What was your 1989 request to OMB for the operation of these two facilities.

Dr. RHOADES. The IHS preliminary budget included $5,081,000 and 129 FTE's for Sacaton and $1,578,000 for Kanakanak hospitals. However, because of other priorities the request to OMB did not include this request.

Senator REID. Your budget request does not appear to include any funding for staff at newly constructed facilities. For the record please provide a list of the new facilities and operating funds needed in 1989.

Dr. RHOADES. Based on the most recent projected opening dates for new replacement facilities, we would need additional staff and support dollars for the Rosebud, SD, and Kyle, SD, hospitals scheduled to be open for 1 month and 2 months respectively in fiscal year 1989. To operate the Rosebud facility for 1 month at the IHS average staffing level of 85 percent we would need an additional $319,000, 102 positions, and 9 FTE's. To operate the Kyle Health Center for 2 months at the IHS average staffing level 85 percent we would need an additional $189,000, 33 positions, and 5 FTE's. Funds will be available through offsets within the fiscal year 1989 request.

MEDICAL EQUIPMENT

Senator REID. The subcommittee is aware of the continuing need to replace medical equipment, as well as the need to keep pace with technological advances relating to medical equipment and devices.

For example, each year, we receive requests from tribes which would indicate that the Indian Health Service is falling further behind in this area.

How does the 1989 budget propose to meet this need, if at all it does?

Mr. PEARSON. Mr. Chairman, we basically include in our budget each year for the hospital clinics' budget, we include a portion of that to be used to buy biomedical equipment.

In addition to the equipment that we purchase for the hospital and clinic's budget, we also spend—we estimate in fiscal year 1989 we'll spend in the neighborhood of $8 million in Medicare and Medicaid reimbursement dollars that we receive for services delivered to Medicare and Medicaid eligible Indian people.

We estimate we'll spend approximately $8 million order of magnitude of that money purchasing essential biomedical equipment.

Senator REID. Please provide for the record a report outlining the projected requirements for replacement of existing equipment and for new or additional equipment. The report should indicate how much of the fiscal year 1989 requirement is covered by your fiscal year 1989 budget request.

Dr. RHOADES. The fiscal year 1989 President's budget includes $7 million for new and replacement equipment. I will suppy additional information for the record.

[The information follows:]

Project requirements

Replacement existing equipment	$7,664,185
Additional equipment	10,551,782
Total	18,215,967

INDIAN HEALTH MANPOWER

Senator REID. Do you think that there are qualified students in the health professions who are denied scholarships due to a lack of funding?

Dr. RHOADES. Yes, sir; at the present time, we would estimate that there are about 100 students that are denied, qualified students who are denied scholarships for that reason.

Senator REID. What additional funding would be required to assure that these 100 students, qualified students, would receive scholarships?

Dr. RHOADES. The average stipend that we provide for students is about $12,000 a year. Therefore, that would be about $1.2 million.

Senator REID. What happens to these students? Do you have any idea?

ORAL/DENTAL HEALTH

Dr. RHOADES. I do not have any idea, I'm sorry to say.

Senator REID. There was an Indian Health Service study completed a number of years ago, an oral health survey, which indicated there were a number of factors which have contributed to higher oral disease levels among native Americans than for the general population.

Would you discuss for the subcommittee the findings of the survey, as well as information obtained from the Indian Health Service dental data reporting system?

Dr. RHOADES. The survey that you refer to disclosed a number of reasons to help explain the higher incidence of dental and oral pathology among American Indians and Alaskan Natives, including socioeconomic factors, lack of self-care, less availability of basic preventive measures. The level of fluoridation of water supplies at the time that report was written was quite low. I'm happy to report that the level of fluoridation in water supplies for Indian people now is at about 80 percent, a doubling of level.

In addition to the basic prevention, we recognize that we have generally not met all of the dental needs of Indian people; that is, having to do with restoration of teeth and filling of cavities.

Senator REID. Several years ago IHS completed an oral health survey which identified a number of factors which have contributed to higher oral disease levels among native Americans than in the general population.

Would you discuss for the subcommittee the findings of the survey, as well as information obtained from the IHS dental data reporting system?

Dr. RHOADES. The oral health survey, 1983–84, revealed that over the past 30 years dental decay among Indians, which starts in childhood, has increased in the population even as it has decreased among the rest of U.S. children. Although the total number of decayed teeth has gone up since the early days of the IHS, many more are now filled, and the number of teeth missing has been cut in half. Among children and adults, the survey found that the proportion of Indian people with periodontal—gum disease—is similar to the United States, but that extent and severity of the disease appears to be worse for Indians. Exact comparisons are not possible, due to different measurement techniques, but approximately two to three times as many Indian persons as others have experienced destruction which has progressed into the bone and supporting structures.

Among American Indian children aged 5 to 17, 70 percent need fillings in permanent teeth, compared to 25 percent of other U.S. children. Because decayed teeth of Indians are filled in a less timely manner than other U.S. children, decay progresses to the point of requiring root canal treatments in over three times as many teeth, 8.4 per 100 children, IHS, versus 2.1 per 100, United States. Decay progresses beyond treatment capabilities to the point requiring extraction in twice as many teeth—5.6 teeth per 100 children, IHS, versus 2.4 teeth per 100 children, United States. Although disparity between the general population and Indian children still exists, the IHS has directed some resources for maintenance of teeth into adulthood. However, 34 percent of the teeth of young Indian adults, aged 20 to 35, which have been decayed still need to be filled, whereas only 12 percent of such teeth of other young U.S. adults still need fillings.

High disease levels and inability to treat conditions at early stages of intervention have lead to high rates of tooth loss, in spite of only limited ability to replace missing teeth with prostheses—full or partial dentures. Thirteen percent of adults ages 35 and older have no teeth left and another one-third have too few teeth left for proper function. A lower proportion of missing teeth of Indians have been replaced, resulting in a backlog of 54 removable full or partial dentures needs per 100 adults and 63 crowns or anchors for fixed bridgework per 100 persons.

The IHS dental data system provides information about services provided, and indicates that coverage of community prevention services, such as water fluoridation, and some clinical preventive services, such as dental sealants, has steadily increased. In terms of access to basic clinical services, however, the Indian population lags behind the United States. One-half as many Indians receive care in a given year than do others in the United States—34 percent versus 59 percent.

Strategies to reduce risk factor for these oral disease are made more difficult by low socioeconomic status. The IHS has been quite successful in improving access to fluorides, but reducing other risk factors, such as poor oral hygiene, is more difficult. High disease rates and long-term lack of access to both clinical preventive and early interceptive services leads to deterioration of conditions, requiring more difficult treatments, such as root canals and complex fillings, loss of bone support, and loss of teeth. Failure to address needs before conditions deteriorate to terminal stages has resulted in the current situation where one-third of services provided, and one-fifth of the clincial budget, are for emergency care.

Senator REID. How does your 1989 budget address this issue?

Dr. RHOADES This budget request is designed to permit the same general level of services that were provided in 1988.

Senator REID. What resources would be required, over a 3-year period beginning in fiscal year 1989, to fund the unmet needs identified in the Dental Services Program?

Dr. RHOADES. Based on treatment needs from the oral health survey, 1983–84, it is estimated that approximately $40 million—$30 million direct; $10 million contract—in additional resources above the current base of $39 million—$29 million direct; $10 million contract—are required to fully meet the annual increment of need for basic preventive and restorative services, simple fillings, cleanings, for 60 percent of the population. An additional $46 million in either direct or contract funds would be sufficient to gradually eliminate the backlog of all complex care—complex fillings, root canal treatments, crowns, bridges, dentures, and orthodontics—over a 10-year period. As community prevention efforts such as fluoridation begin to affect the increment of new disease, more of the treatment backlog can be addressed.

Senator REID. Dr. Rhoades, we have a lot of other questions that we're going to ask you and we're going to do that in writing. We will submit these in writing and we would expect as prompt a reply as is possible.

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I thank you very much for your testimony here today and that of your associates. I appreciate your taking the time to be as well prepared as you have been. It's obvious that you have been prepared, and your staff.

ADDITIONAL COMMITTEE QUESTIONS

The subcommittee, as I mentioned, will have additional questions which will be answered for the record by you. The Senators, additionally, may have questions that we'll present to you.

Thank you very much for your time.

Dr. RHOADES. Thank you, sir. We will respond as promptly as we possibly can.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

REDUCTION IN PERSONNEL

Question: What is the basis for the reduction of 317 FTE's shown in the budget on page ?1? (from 10,697 in FY 1988 to 10,380 in FY 1989)

Answer: The reduction of 317 FTE's is due to productivity improvements and self-determination activities assuming that tribes or tribal organizations will decide to contract for the operation of IHS facilities or programs in FY 1989.

Question: How will this reduction affect your ability to deliver services to the Indian people?

Answer: Since the reduction is not associated with a reduction in funds it will have little or no effect on IHS' ability to deliver health care services or have little or no effect on a Tribe's ability to contract for the operation of their own programs.

Question: What was your FTE request to OMB?

Answer: The FY 1989 request to OMB was 10,333 FTE's for the Indian Health Service.

PERSONNEL CEILINGS

Question: Are operations at any level of your organization in any way constrained by personnel ceilings?

Answer: No, the IHS is not constrained by any personnel ceilings. However, as tribes elect to contract for programs under self-determination position levels will fluctuate.

Question: Does that mean that funding, then, represents the only constraint on personnel?

Answer: The IHS can only hire as many personnel as can be paid for with annually appropriated funds, while maintaining other essential equipment, supplies, space and services.

Question: For fiscal years 1982 through 1987, please compare the FTE level shown in the budget year with the actual usage that year.

Answer: Comparison of actual versus budgeted FTE level for fiscal years 1982 through 1987 is as follows:

Fiscal Year	Actual	Budgeted
1987	11,605	10,908
1986	11,531	10,815
1985	11,554	11,218
1984	11,034	10,845
1983	10,309	10,527
1982	10,283	11,250

ACQUISITION OF ADP EQUIPMENT

Question: The committee's Report last year expressed concern regarding your ability to acquire ADP equipment in a timely manner and requested that you prepare a report describing the problem and potential solutions. Your justifications (p. 33) indicate that past problems "should be alleviated as a result of elevation to Agency status." Would you explain why this is so?

Answer: During the period of time that the IHS was organized under the Health Resources and Services Administration (HRSA), the delegated procurement authority to buy ADP equipment was $5,000. This authority was for the procurement of replacement items only. Under elevation, the IHS has a delegated procurement authority to procure up to $50,000 of ADP Equipment by Sole Source means and $150,000 delegated procurement authority to procure ADP equipment by Competitive Procurement means. This authority was granted by the Public Health Service to the Director, IHS, effective on the date of the elevation.

Question: I understand that a full report will be sent to the Subcommittee in April. Can you share with the Subcommittee any preliminary findings or conclusions that will be included in the final report?

Answer: The findings of the report will show that the great increase in the delegated procurement authority given to the IHS, and the increase in staff available to process ADP equipment procurement requests are the most significant factors which will alleviate past ADP equipment procurement problems.

Question: Your justifications (p. 33) state that you have created an Office of Information Resources Management. Can you describe for the Subcommittee:

- The functions this Office will perform.
- The staffing and funding levels for the Office.
- The source of funding to establish the Office.

Answer: The Office will manage the Information Resources Management (IRM) function for the IHS. The following are major activities associated with this function:

Provide the overall direction for the planning and budgeting for Automated Information Systems;

Provide the overall direction for the planning and budgeting for Telecommunications equipment including voice and data communications;

Develop and recommend policy and procedures related to information resources management;

Provide the overall direction for the planning and implementation of IHS-wide ADP security program;

Reviews and recommends approval/disapproval of the

procurement, use, modification, or discontinuance of any data processing, office automation, or telecommunications service or resource for the IHS.

The staffing level for the Office is twelve (12) FTE's.

The funding level for the Office for Fiscal Year 1989 is $825,000, and will be available through the redistribution of existing resources. The source of funding for the Office is from the Direct Operations account.

Question: Were the functions now being performed by the Office of Information Resources Management previously performed, all or in part, by others within IHS? If so, where?

Answer: The functions, other than one major ADP equipment procurement and minimal IRM planning activities by the IHS, were performed entirely by HRSA personnel. However, the Office has been increased in staff from five (5) FTE's to twelve (12) FTE's in order to better manage the IRM activities.

Question: Are those entities being reduced as a result of this reorganization?

Answer: During the elevation process, seven (7) new positions were identified for the Office of Information Resources Management. The position titles were furnished to HRSA to see if there were any matches of existing HRSA personnel that would be transferred to the IHS to perform these new activities. No matches were found in the process undertaken, however, the seven (7) additional FTE's were transferred to the Office as a result of elevation, and are in the process of being advertised and filled.

WITHIN GRADE PROMOTIONS

Question: Your budget includes an increase of $6,213,000 for within grade promotions, an increase of $598 for each of the 10,380 FTE's you expect to use in 1989. On page 23 of your budget, the average salary of your GS employees increases by $86 and the average salary of your ungraded employees increases by $231. How is it then, that you estimate the increased cost of within grades to be $598 per employee?

Answer: The average salaries and increases shown on page 23 are for General Schedule and Wage Grade employees only and do not include Commissioned Corps officers. The estimated Commissioned Corps officers average salary is expected to increase by $709 in FY 1989.

The average salaries shown on page 23 are computed based on instructions contained in OMB Circular A-11 which is used to prepare budget exhibit A-11-51, Detail of Permanent Positions. This exhibit reflects only personnel compensation (object class 11.00) for general schedule and wage grade employees.

The within grade increase of $6.2 million is not based on the

target allowance of 10,380 FTE's. The within grade estimates are calculated based on only those GS, Wage Grade, and Commissioned Corps personnel who are projected to receive a within grade/longevity increase in FY 1989. The calculation of within grade costs includes increases in personnel compensation (object class 11.00), as well as increases in personnel benefits (object class 12.00).

Question: OMB Circular A-11 requires, on page 27: "Estimates will provide increases to cover within grade salary advancements only on a basis consistent with recent experience. Only net within grade increases (i.e., increases remaining after turnover, downgrades, and other grade and step reducing events are taken into account) can be considered for funding. The cost of such advancements should be offset by savings due to greater productivity and efficiency." Please provide a detailed analysis of how you computed the figure for within grades. Did you make an estimate of the numbers of personnel who would leave the service in 1989? Did you include promotions, which might actually lower the costs of many jobs, since they would be replacing someone who was in a higher step?

Answer: Within grade increases (WIGIs) are provided under the authority of Section 5335 of Title 5, United States Code. The actual number of within grade increases is obtained from the PHS Office of Management report. This report identifies the actual number of employees by grade level who will be eligible for a within grade/longevity increase. The FY 1989 within grade costs are derived by calculating the number of employees projected to receive within grade/longevity increases multiplied by the corresponding average yearly cost of a within grade increase for GS, Wage Grade, and Commissioned Corps personnel to arrive at the total estimated within grade costs.

Question: Your budget (pp. 16-17) includes built-in increases of $39,412,000 and 54 FTE's. For each of the 18 items listed, please provide for the record a justification for the increase, including the method by which you computed the increase.

Answer: The table below reflects the method and justification used to compute the increases.

INDIAN HEALTH SERVICE

Built-in Increases	FY 1988 Base	FY 1989 overall rate of increase	Change in FY 1989	Explanation of Change
1. Annualization of FY 1988 pay raise costs	$6,001,000	N/A	$+2,015,000	The FY 1988 estimate of $6,001,000 represents pay raise requirements beginning January of 1988 based on P.L. 100-202, continuing resolution for FY 1988. The $2,015,000 request in FY 1989 will fund the full year cost of the 1988 pay raise. The pay raise estimates were based on the increase between the 1987 and 1988 hourly rates multiplied by the number of anticipated FTEs in FY 1988. Also included are personnel benefits increases as a result of the pay raise.

Built-in Increases	FY 1988 Base	FY 1989 overall rate of increase	Change in FY 1989	Explanation of Change
2. Within Grade Promotions	N/A	N/A	+$6,213,000	Within grade increases (WIGIs) are provided under the authority of Section 5335 of Title 5, United States Code. The 1989 estimate for GS and Wage grade increases is based on the actual number of employees who received a WIGI in 1986. Included in the within grade projections are costs for Commissioned Corps Officers eligible for longevity increases. The FY 1989 within grade costs are derived by calculating the number of employees projected to receive within grade/longevity increases multiplied by the corresponding average yearly cost of a within grade increase for GS, Wage Grade, and Commissioned Corps personnel to arrive at the total estimated within grade costs.
3. FY 1989 Employee Contributions to Federal Employee Retirement System	$8,380,000	N/A	+$2,122,000	The FERS calculations were based on instructions contained in OMB Bulletin No. 88-06. These instructions were used to reestimate the FY 1988 and 1989 FERS costs. The difference between the costs in FY 1988 and 1989 of $2,122,000 represents the additional cost of the employer's share of retirement costs in FY 1989. The calculation of retirement costs included estimates of the aggregate payroll of GS and wage grade employees; the retirement population for post 1983 hires, switchers, and civil service employees; payroll subject to FICA tax; calculation of agency contributions; and determination of increase in agency contributions due to the new Federal Employees Retirement system.
4. Increased Payments to PHS Service and Supply Fund	4,120,000	N/A	+558,000	The FY 1988 and 1989 dollar levels are provided by PHS.
5. Increased Payments to Working Capital Fund	1,536,000	N/A	+457,000	The FY 1988 and 1989 dollar levels are provided by PHS.
6. Increased Cost of Rental payments to GSA	5,794,000	N/A	+322,000	The FY 1988 and 1989 dollar levels are provided by PHS.
7. Increased Cost of Rental payments to others	4,979,000	N/A	+391,000	The FY 1988 and 1989 dollar levels are provided by PHS.
8. Increased Cost of Rents, Communications & Utilities	17,848,000	3.5%	+625,000	The increase requested was intended to provide additional resources to offset the increased cost of purchasing utilities, telephone equipment, etc. The allowed inflation rate of 3.5 percent was applied to the estimated cost of rents, communications, and utilities in FY 1988 to obtain the cost increases in FY 1989.
9. Increased Cost of Health Care provided under Contracts or Grants	432,098,000	4.6%	+19,958,000	The increase requested was intended to provide additional resources to offset the increased cost of providing Non-Federal hospitalization and medical care, consultant services, Tribal Health Services and other contractual services in FY 1989. The overall rate of 4.6 percent was applied to the estimated cost in FY 1988 to obtain the cost increase in FY 1989.
10. Increased Cost of Travel and transportation of things	2,830,000	3.5%	+98,000	The increase requested was intended to provide additional resources to offset the increased cost of travel for site visits, change of station costs, and transportation of household goods for civilian and commissioned officers in FY 1989. The allowed inflation rate of 3.5 percent was applied to the estimate cost of travel and transportation of things in FY 1988 to obtain the cost increase in FY 1989.
11. Increased Cost of Patient Travel	2,177,000	3.5%	+76,000	The increase requested was intended to provide additional resources to offset the increased cost of purchasing patient travel in FY 1989. The allowed inflation rate of 3.5 percent was applied to the estimated cost of patient travel in FY 1988 to obtain the cost increase in FY 1989.

Built-in Increases	FY 1988 Base	FY 1989 overall rate of increase	Change in FY 1989	Explanation of Change
12. Increased Cost of Maintenance and Repair	11,348,000	3.5%	+397,000	The increase requested was intended to provide additional resources to offset the increased cost of purchasing maintenance, repairs, and contracted preventive maintenance for IHS facilities in FY 1989. The allowed inflation rate of 3.5 percent was applied to the estimated cost of maintenance and repair in FY 1988 to obtain the cost increase in FY 1989.
13. Increased Cost of Medical and other Equipment	6,618,000	3.5%	+232,000	The increase requested was intended to provide additional resources to offset the increased cost of purchasing medical, dental, and non-capitalized office equipment in FY 1989. The allowed inflation rate of 3.5 percent was applied to the estimated cost for medical and other equipment purchases in FY 1988 to obtain the cost increase in FY 1989.
14. Increased Cost of Medical and other supplies	52,427,000	5.1%	+2,669,000	The increase requested was intended to provide additional resources to offset the increased cost of purchasing drugs, vaccines, laboratory supplies, and housekeeping supplies. The overall rate of 5.1 percent was applied to the estimated cost of purchasing medical and other supplies in FY 1988 to obtain the cost increase in FY 1989.
15. Increased Cost of Printing	1,354,000	3.5%	+48,000	The increase requested was intended to provide additional resources to offset the increased cost of purchasing printing, reproduction, and binding services in FY 1989. The allowed inflation rate of 3.5 percent was applied to the estimated cost of printing purchases in FY 1988 to obtain the cost increase in FY 1989.
16. Increased Cost to maintain the Hepatitis B screening and Immunization Program (Alaska)	395,000	5.6%	+22,500	The increase requested was intended to provide additional resources to offset the increased cost of purchasing contractual services, laboratory supplies, medical supplies, and drugs in FY 1989. The allowed inflation rate of 5.6 percent was applied to the estimated cost for these purchases in FY 1988 to obtain the cost increase in FY 1989.
17. Annualization of Personnel Costs (new facilities)	N/A	N/A	+3,000,000	In FY 1988 Congress appropriated $3,336,000 for staffing and operating costs for the new Sacaton and Kanakanak hospitals. The funds appropriated will allow these facilities to operate at the IHS average staffing level of 85 percent. The amount appropriated was based on the projected number of months each facility would be in operation in FY 1988. The $3,000,000 request in FY 1989 will fund the full year cost of operating these facilities at the IHS average staffing level of 85 percent in FY 1989.
18. Cost related to Elevation of IHS	6,184,000	3.3%	+209,000	The increase requested was intended to provide additional resources to offset the increased cost of personnel transferred to IHS as a result of the elevation of IHS to an agency level within the PHS. The comparable cost for FY 1988 is $6,184,000. The overall increase of approximately 3.3 percent provides for the cost increase related to the personnel and support costs (i.e., travel and transportation costs, utility costs, contractual services, supplies, equipment, etc.) associated with the positions transferred from HRSA to the IHS.
Total			$39,412,000	

Question: With regard to the Federal Employee Retirement System (FERS) costs, what percentage of service employees converted to this new system? How does that compare with other government agencies? What do you expect your cost to be in 1988?

Answer: Based on preliminary data received from the Division of Personnel, Health Resources and Services Administration, less than 2 percent of Indian Health Service Employees converted to this new system. Based on data as of February 27, 1988 received from the Budget Section, Department of Health and Human Services 7.79% of the Department of Health and Human Services converted to the Federal Employees Retirement system. We expect the cost of FERS to be approximately $8.4 million.

Question: What has been your experience so far with inflationary costs in FY 1988? Is your 1988 appropriation adequate to cover cost increases? Since there is no supplemental requested in 1988, how will you absorb these cost increases?

Answer: The FY 1988 appropriation is an increase of 8.7% over the FY 1987 appropriation and is more than adequate to meet the needs of inflationary cost increases.

FY 1988 PAY RAISE

Question: What is the FY 1988 cost of the recent 2 percent pay raise?

Answer: The cost of the FY 1988 pay raise is $6,001,000.

Question: Have you requested a supplemental FY 1988 to cover these costs? If not, how do you intend to absorb these costs this fiscal year?

Answer: The FY 88 appropriated level of $946 million for Indian Health is an 8.7 percent increase over the FY 87 level of $870 million. Given that IHS personnel costs which apply to only three quarters of the fiscal year only increased by 2 percent. The medical consumer price index, which applies to only 52 percent of the IHS annual budget, increased by only 6.2 percent during 1987, and general inflation grew by only 4.2 percent during FY 87. The Indian Health Service will be able to maintain the existing level of service as well as provide enhanced services in some priority areas.

Question: Have you requested sufficient funds in FY 1989 for the January, 1988 pay raise?

Answer: The FY 1989 request includes the annualization of the FY 1988 pay raise of $2,015,000.

FUNDING EQUITY

Question: What is the current status of funding equity among Areas?

Answer: In FY 1988, the IHS is allocating approximately $15 million utilizing the Resource Allocation Methodology (RAM) designed to achieve equity. Half of the Areas (6) are within five percentage points of the IHS average.

Question: How much additional funding, over and above your request, would be necessary to fund all Areas at 100 percent of need in FY 1989?

Answer: The Office of Technology Assessment Report, "Clinical Staffing in the Indian Health Service," indicated that the RRM staffing requirements for small hospitals was greater than the average staffing of comparable size community hospitals. The report also noted that the RRM staffing requirements for mid-size IHS hospitals was comparable to the average staffing for similar community hospitals and less than the average staffing for larger community hospitals. The RRM identifies a minimum staffing level required to open and operate a hospital. This is necessary to meet certain JCAH and other national standards and criteria. The IHS has and continues to further refine the RRM to make it sensitive to the IHS and tribal health care delivery systems. The IHS has initiated actions to review the RRM as related to small service units and facilities as well as the larger medical centers. When these actions have been completed, we will be happy to provide the resultant effects to the Committee.

Question: How much additional funding would be required to raise all Areas up to the current IHS average funding level?

Answer: Based on current data and in addition to inflationary increases, approximately $26 million is needed to bring all Areas up to the average level of funding.

Question: Please provide a listing of increases, by Area, for the two previous questions.

Answer: The RAM distribution of any program increases or special funds for equity purposes in FY 1989 will be based on the most current data available. Such data will include actual FY 1988 workload and user population. However, this information will not be available until January 1989. Thus, the distribution of this funding need is not available; however, the Aberdeen, Bemidji, California, Navajo, Oklahoma and Tucson Areas are below the IHS average and would receive preference in funding.

CONTRACT HEALTH CARE

Question: Is the $5 million added by Congress in FY 1988 for Contract Health Care sufficient to reduce the level of all deferred services to zero?

Answer: Based on information submitted by the twelve Indian Health Service Area offices, the estimate of deferred contract care services within the Indian Health Service for fiscal year 1987 is 84,434 cases, with a total estimated cost of $64,124,600. The $5 million appropriation will address approximately 7.8 percent of

the estimated backlog of deferred services.

To further reduce the deferred services, the IHS produces cost savings through full utilization of IHS direct care hospitals, pursuit of alternate resources, implementation of the New Mexico Blue Cross/Blue Shield Fiscal Intermediary and utilizing the Medicare DRG rates.

Question: What is your estimate of the total unmet need in FY 1989?

Answer: The total estimate of deferred contract care services within the Indian Health Service for fiscal year 1987, as estimated by the twelve Area offices, is 84,434 cases, with a total estimated cost of $64,124,600. Assuming that the IHS uses a straight projection of a 6 percent increase in the Consumer Price Index for medical care, and keeping the number of cases constant, it is estimated that the total cost of deferred services in FY 1989 would be approximately $72 million. It should be noted that this does not include those people who may require Contract Health Services but do not contact an IHS facility.

Question: Does this amount include the needs of newly recognized tribes?

Answer: The Indian Health Service (IHS) allocates "interim" funding to the responsible IHS Area Office to provide services to a newly recognized tribe. Interim funding is provided only after IHS Area Office staff: (1) meet with officials of the newly recognized tribe to orient them to the IHS and the process to provide them services; (2) determine the eligible service population of the newly recognized tribe; and (3) determine the most appropriate mechanism for providing health services to the newly recognized tribe. In FY 1988, three newly recognized tribes are being provided interim funding: the Wampanoag Tribe of Gayhead of Massachusetts, the Alabama-Coushatta Tribe of Texas and the Ysleta del Sur Pueblo of Texas.

In FY 1989, funding to provide services to these tribes will be made available from the IHS appropriation. Additional funding was not requested to serve these tribes. The specific amount of funding necessary to provide services to these tribes in FY 1989 will be determined only after specific types of information and data is obtained that will allow the health care needs of these tribes to be more accurately projected. Each tribe will then be ranked, and provided funding, according to the Resource Allocation Methodology presently employed by the IHS.

Question: How do you intend to meet the needs of the newly recognized tribes in 1989?

Answer: The Indian Health Service is currently developing a policy for the funding of newly recognized tribes. The policy will reflect a determination of the eligible service population, a needs assessment for that population, and a provision for providing and funding the health care of the newly recognized tribe.

Question: Please provide for the record a chart, by activity

or line item, showing the IHS request to the Department, the request to OMB, and the request to Congress for FY 1989. At each level, provide a detailed description of the changes made.

Answer: The table below reflects a detailed description of the changes made.

INDIAN HEALTH SERVICE
(In Thousands of Dollars)

	PHS Preliminary Request to Department	HHS Preliminary Request to OMB	Administration Request to Congress	Explanation
Clinical Services: Hospital and Health Clinics	$540,217	$512,959	$556,423	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Dental Health	29,486	27,648	30,318	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The administration request to Congress was based on the FY 1988 Appropriation.
Mental Health	13,103	11,998	13,091	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Alcoholism	27,877	26,619	30,959	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Maintenance and Repair	9,341	9,341	11,756	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Contract Care	178,919	146,118	208,335	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Alternate Delivery System Demonstration	11,000	11,000	—	This proposed activity was moved from the IHS account to the Office of the Administrator, HRSA.
Preventive Health: Sanitation	25,344	24,193	24,626	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Public Health Nursing	15,097	14,022	14,467	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Health Education	4,439	4,105	4,651	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Community Health Representatives	16,000	16,000	27,282	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.

	PHS Preliminary Request to Department	HHS Preliminary Request to OMB	Administration Request to Congress	Explanation
AK Immunization/Hepatitis	417	395	417	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Urban Health Programs	5,500	5,500	8,662	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Indian Health Manpower	6,018	4,787	7,646	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Tribal Management	805	805	3,218	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
Direct Operations	36,976	35,562	42,471	The PHS and HHS preliminary request were based on the FY 1988 President's Budget since the FY 1988 appropriation was unknown at the time the preparation of the budgets. The Administration request to Congress was based on the FY 1988 Appropriation.
TOTAL	$920,539	$850,852	$984,322	

RELOCATION OF IHS HEADQUARTERS

Question: There is no budget increase associated with this evaluation, so you must be doing it using available funds. Can you tell the Subcommittee precisely where the $2.5 million is coming from?

Answer: The $2.5 million is requested specifically for the evaluation and for any initial relocation costs incurring if such a relocation occurs.

Question: Why is it that you have proposed that these funds remain available until the end of fiscal year 1990? How much of this funding would you plan to obligate in FY 1989? In FY 1990?

Answer: Since we have little or no knowledge of the outcome of a study to relocate a portion of headquarters to another site, it was anticipated that if a move is determined to be desirable and all appropriate approvals are obtained it would take 2 years to accomplish. We are unable to estimate the amounts that would be obligated in FY 1989 or FY 1990.

Question: Wouldn't it make more sense to spend whatever FY 1989 funding was required in FY 1989, and then do whatever additional work that's required in FY 1990 using FY 1990 funds?

Answer: The purpose of this request was to insure that funds were available to support the move should that be the result of the study.

Question: Your budget also states that, "Such a move would

not be undertaken without the appropriate consultation with Tribal Governments and Congress." Have you met or consulted with the tribes on this proposal?

Answer: We are currently developing plans to meet this commitment.

Question: What location, or locations, would you propose to evaluate for a possible new headquarters?

Answer: It has not been determined at this time.

INJURY CONTROL PROGRAM

Question: Please give the Subcommittee a Status Report on your Injury Control Program.

Answer: The prevention of traumatic injury has been identified as one of IHS' top three health emphasis areas for the past 3 years. Significant advances have been made in developing a community-based injury control program. Numerous accomplishments testify to the success of the IHS injury control initiative; however, this novel program has not been in existence long enough for its success to be demonstrated in terms of major shifts in mortality or morbidity patterns. Programmatically, the IHS has identified several key elements as being critical to a successful injury control program.

o Coordination. Technical direction for the CIC program is provided by the Division of Environmental Health. A program coordinator has been designated at the Headquarters level and in each of the twelve IHS Area Offices. At this time, three of the twelve Areas have full-time coordinators and all are expected to have trained, well qualified people functioning in the coordinator role by year's end.

o Training. A multitiered approach to training IHS and tribal health personnel has been established for the injury control program. Training activities include community specific topical discussion sessions, Area-wide CIC workshops, an injury control practitioners course, and the Injury Control Specialist Fellowship.

o Public Relations/Community Education. A major effort within IHS has been directed toward calling attention to the magnitude of the injury problem in terms of lives lost, permanent disabilities suffered, and dollars expended to treat trauma victims. One of the most effective means of communicating this message is the Annual American Indian/Alaska Native Safety Campaign. We have just concluded the Fifth such campaign. In addition to the involvement of IHS and tribal personnel throughout Indian country, over 30,000 children, attending schools on or near reservations, participated in a poster competition. Eight national winners were selected and brought to Washington, D.C., for an awards ceremony hosted by the Secretary of HHS, Dr. Otis Bowen.

o Agency Liaison. The IHS has developed a formal Interagency Agreement with the Centers for Disease Control, Division of Injury

Epidemiology and Control, to work collaboratively in understanding the epidemiology of injuries and the most effective interventions available to prevent injuries.

o Surveillance. Just as with disease, knowledge of the factors contributing to trauma are crucial to development of interventions that will prevent future injury events. An investigation system for severe injury cases has been implemented in IHS. Hopefully, the results of this effort will help us find better ways of affecting causative factors.

o Demonstration Projects. The IHS will be sponsoring 6 to 8 community-based injury prevention demonstration pilot projects during FY 1988.

o Funding. Financial support for staffing, training, promotion, and minor environmental modifications has been received from the Preventive Health/Sanitation portion of the IHS appropriation.

Question: What is your FY 1989 Request for this Program and how does that compare to Fiscal Years 1987 and 1988?

Answer: The IHS budget request as submitted to the Congress contains no separate funding item for injury control activities. The program will be continued using Preventive Health/Sanitation funds.

Question: Your budget, Page 46 indicates that in FY 1987 you instituted the Injury Control Specialist Fellowship. Please explain how this program works. How many Fellowships did you have in FY 1987? What are your plans for this program in FY 1988 and FY 1989?

Answer: The Injury Control Specialist Fellowship is a unique program developed by the IHS during FY 1987 to provide specialized academic training and field experience in the epidemiology of injuries and the development of community-based intervention programs. A training program of similar design does not exist elsewhere in the United States. Participation in this program is open to IHS and tribal health professionals who make application and are selected on a competitive basis. In addition to being custom-designed by IHS to meet our special needs, the academic coursework requires that Fellows leave their duty station for only 6 weeks per year, thus significantly reducing the cost per student and loss of productivity. Each student is required to prepare a special research study of an injury problem. During FY 1987, eleven Fellows participated in the program; twenty Fellows are in the Class of 1988, and the same number are expected for FY 1989.

URBAN HEALTH

Question: Your FY 1989 budget includes a decrease of $962,000 for urban health programs, with the justification (p.118) that reimbursements from third-parties will allow the programs to operate at approximately the FY 88 level. Do you believe this is

realistic expectation? What has been the level of third-party reimbursements for Fiscal Years 1986 and 1987? What do you anticipate in FY 1988?

Answer: The IHS is confident the urban programs will continue to make their best efforts to collect both patient and third-party revenue. In addition, IHS is surveying state, county and local governments where urban Indian health programs are located to determine if these governments can absorb the urban Indian population and associated medical costs. Failing to meet adequate collections targets throughout the year, the urban programs must focus scarce resources on maintaining essential core services and in many instances Title V is the only available source of funding.

The third-party reimbursements for all IHS funded urban programs in FY 1986 was $1,062,589 and FY 1987 was $1,155,809. Further, the IHS anticipates that third-party reimbursements for all the urban programs in FY 1988 will be approximately $1,082,257. The IHS will encourage urban programs to continue to uniquely make their best efforts to collect both patient and third-party revenues. Currently, in many instances the majority of urban programs receive their only funding from Title V.

Question: How are third-party reimbursements handled elsewhere in the service? Are these reimbursements used merely to augment appropriations generally or for specific purposes?

Answer: Third party reimbursements are handled consistently throughout the Indian Health Service. Funds from a source other than IHS will allow the program to operate at the same level as when the program was fully funded by IHS. Thus, less appropriated funds are required by the IHS for the program.

Reimbursements generally serve the purpose of augmenting appropriations. However, the institution granting the funds may require a specific purpose and documentation of the purpose. The Federal Government's emphasis is on ensuring that all funding sources are considered. Thus, to the degree third-party reimbursements are available, the trend is showing an increase. However, such funds are not guaranteed from year to year because, the patients eligibility for these funds and the patients are constantly changing.

Question: Does each of the 33 urban Indian health organizations receive some third-party reimbursement? Does the amount of such reimbursement vary greatly between organizations? Please provide a listing, by organization, of actual reimbursements received in 1987 and estimated for 1988 and 1989. Include in that listing the IHS budget for each organization in each of those fiscal years.

Answer: IHS funds 33 urban health programs and 18 of these programs have third-party resources. Third-party revenues during FY 1987 ranged from a minimum amount of $0, an average of $35,025 and a maximum amount of $670,000. The third-party reimbursement revenues does vary greatly among the urban programs. Please find attached per your request, projected third-party reimbursements.

Urban Indian Health Program, FY'86

Program	Medicare	Medicaid	Title XX	Other 3rd Parties	Patient Collection	IHS FY'86 Allocation
ALL PROGRAMS	$120,318	$966,620	$0	$1,062,589	$1,088,057	$8,522,863
Average	$8,594	$54,164	$0	$66,412	$60,448	$258,269
Minimum	$107	$1,353	$0	$115	$300	$41,537
Maximum	$24,257	$227,193	$0	$751,585	$373,211	$1,312,000
ABERDEEN AREA						
Omaha						$150,000
Pierre		$1,353			$4,722	$180,600
ALBUQUERQUE AREA						
Albuquerque				$192		$132,300
Denver						$198,000
BEMIDJI AREA						
Chicago		$6,693		$9,904	$13,365	$151,300
Detroit						$200,000
Green Bay						$136,000
Milwaukee	$16,611	$110,056		$751,585	$61,277	$428,500
Minneapolis					$373,211	$647,000
BILLINGS AREA						
Billings						$127,923
Butte						$41,537
Great Falls						$112,558
Helena		$5,147		$2,76[illegible]	$1,384	$71,344
Missoula						$64,201
CALIFORNIA AREA						
Bakersfield						$153,746
Fresno	$17,916	$44,816		$41,264		$197,056
Los Angeles	$12,550	$32,089			$93,314	$654,806
Sacramento	$14,866	$141,557		$46,375	$103,224	$251,739
San Diego	$6,406	$12,107		$13,744	$19,370	$278,936
San Francisco	$7,698	$97,589		$86,421	$92,953	$408,089
San Jose	$1,627	$61,818		$11,320	$32,224	$218,331
Santa Barbara		$73,207		$34,399	$148,381	$238,497
OKLAHOMA AREA						
Dallas	$228	$1,872		$5,288	$31,322	$477,800
Wichita	$523	$25,620		$2,887	$21,451	$269,900
PHOENIX AREA						
Phoenix	$941				$300	$140,500
Reno						$171,000
Salt Lake City		$3,586		$4,311	$21,555	$178,300
PORTLAND AREA						
Portland						$303,300
Seattle	$14,578	$227,193		$40,227	$56,437	$1,312,000
Spokane	$2,010	$21,139		$11,796	$6,503	$195,300
TUCSON AREA						
Tucson	$107			$115	$6,860	$149,200
USET AREA						
Boston						$140,600
New York City	$24,257					$142,300

Urban Indian Health Program, FY'87

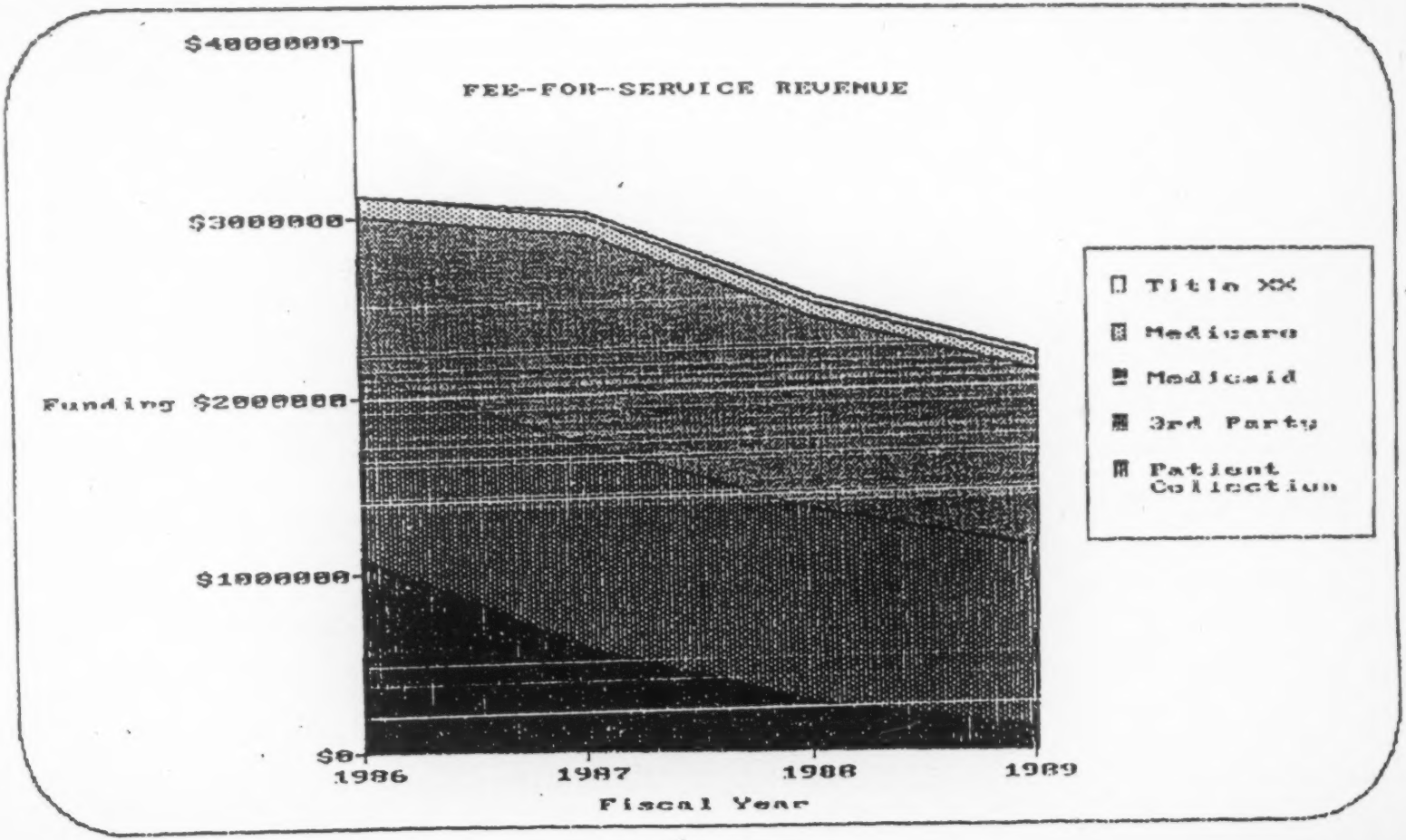
Program	Medicare	Medicaid	Title XX	Other 3rd Parties	Patient Collection	IHS FY'87 Allocation
ALL PROGRAMS	$93,220	$1,178,370	$31,214	$1,155,809	$583,152	$8,617,537
Average	$2,625	$35,708	$946	$35,025	$17,671	$261,109
Minimum	$0	$0	$0	$0	$0	$48,252
Maximum	$21,870	$353,490	$27,648	$670,455	$126,199	$1,312,000
ABERDEEN AREA						
Omaha						$150,000
Pierre				$1,995	$6,281	$180,600
ALBUQUERQUE AREA						
Albuquerque	$1,400				$700	$136,300
Denver						$198,000
BEMIDJI AREA						
Chicago		$4,866		$14,915	$9,512	$151,300
Detroit				$5,698	$4,634	$200,000
Green Bay					$28,368	$136,000
Milwaukee	$21,870	$105,975		$670,455	$64,033	$428,500
Minneapolis	$4,364	$353,490		$148,770	$12,038	$647,000
BILLINGS AREA						
Billings						$146,141
Butte						$48,252
Great Falls						$148,621
Helena		$5,603		$3,077	$1,924	$75,344
Missoula						$69,942
CALIFORNIA AREA						
Bakersfield						$153,746
Fresno	$10,988	$90,288		$34,526		$197,056
Los Angeles	$1,940	$25,359			$54,779	$654,806
Sacramento	$11,974	$89,416		$34,023	$49,968	$251,739
San Diego	$4,372	$11,705		$18,221	$21,461	$278,936
San Francisco	$6,056	$85,363	$27,648	$83,622	$26,781	$408,089
San Jose	$3,219	$31,179		$17,759	$29,636	$218,331
Santa Barbara		$25,106		$14,380	$126,199	$238,497
OKLAHOMA AREA						
Dallas	$1,099	$3,741		$35,165	$37,932	$477,800
Wichita	$1,001	$40,385		$8,237	$29,748	$269,900
PHOENIX AREA						
Phoenix						$140,500
Reno						$171,000
Salt Lake City			$3,566		$4,311	$178,500
PORTLAND AREA						
Portland	$4,322	$26,921		$8,133	$6,703	$303,300
Seattle	$14,578	$227,193		$20,227	$56,437	$1,312,000
Spokane	$5,858	$31,580		$16,330	$6,356	$214,300
TUCSON AREA						
Tucson	$179			$76	$5,111	$150,228
USET AREA						
Boston						$141,450
New York City						$141,359

Urban Indian Health Program, FY'88

Program	Medicare	Medicaid	Title II	Other 3rd Parties	Patient Collection	IHS FY'88 Allocation
ALL PROGRAMS	$81,390	$1,090,052	$31,214	$1,032,257	$289,391	$9,023,519
Average	$2,466	$33,032	$946	$32,796	$8,769	$273,440
Minimum	$0	$0	$0	$0	$0	$50,525
Maximum	$19,095	$326,996	$27,648	$627,790	$62,627	$1,373,810
ABERDEEN AREA						
Omaha						$157,067
Pierre				$1,868	$3,117	$189,108
ALBUQUERQUE AREA						
Albuquerque	$1,222				$347	$142,721
Denver						$207,328
BEMIDJI AREA						
Chicago		$4,501		$13,966	$4,720	$158,428
Detroit				$5,335	$2,300	$209,422
Green Bay					$14,078	$142,407
Milwaukee	$19,095	$98,032		$627,790	$31,787	$448,687
Minneapolis	$3,810	$326,996		$139,303	$5,984	$677,481
BILLINGS AREA						
Billings						$153,026
Butte						$50,525
Great Falls						$155,623
Helena		$5,183		$2,881	$955	$78,894
Missoula						$73,237
CALIFORNIA AREA						
Bakersfield						$160,989
Fresno	$9,594	$83,521		$32,329		$206,340
Los Angeles	$1,694	$23,458			$27,184	$685,655
Sacramento	$10,454	$82,714		$31,858	$24,797	$263,599
San Diego	$3,817	$10,820		$17,061	$15,650	$292,077
San Francisco	$5,287	$76,965	$27,648	$76,301	$13,290	$427,315
San Jose	$2,810	$47,343		$16,629	$14,707	$228,617
Santa Barbara		$23,224		$13,652	$62,627	$249,733
OKLAHOMA AREA						
Dallas	$960	$3,461		$32,927	$16,824	$500,310
Wichita	$874	$37,543		$7,713	$14,763	$282,615
PHOENIX AREA						
Phoenix						$147,119
Reno						$179,056
Salt Lake City			$3,566		$2,139	$186,909
PORTLAND AREA						
Portland	$3,773	$24,903		$7,615	$3,326	$317,589
Seattle	$12,728	$210,165		$37,667	$28,007	$1,373,810
Spokane	$5,115	$29,213		$15,291	$3,253	$224,396
TUCSON AREA						
Tucson	$156			$71	$2,536	$157,305
USET AREA						
Boston						$148,114
New York City						$148,019

Urban Indian Health Program, FY'89

Program	Medicare	Medicaid	Title XX	Other 3rd Parties	Patient Collection	IHS FY'89 Allocation
ALL PROGRAMS	$71,060	$1,008,353	$31,214	$1,013,386	$143,611	$7,920,746
Average	$2,153	$30,556	$946	$30,709	$4,352	$240,023
Minimum	$0	$0	$0	$0	$0	$44,350
Maximum	$16,671	$302,488	$27,648	$587,839	$31,079	$1,205,915
ABERDEEN AREA						
Omaha						$137,871
Pierre				$1,749	$1,547	$165,997
ALBUQUERQUE AREA						
Albuquerque	$1,067				$172	$125,279
Denver						$181,990
BEMIDJI AREA						
Chicago		$4,164		$13,077	$2,342	$139,066
Detroit				$4,996	$1,141	$183,829
Green Bay				$0	$6,986	$125,003
Milwaukee	$16,671	$90,685		$587,839	$15,774	$393,853
Minneapolis	$3,327	$302,488		$130,433	$2,969	$594,685
BILLINGS AREA						
Billings						$134,324
Butte						$44,350
Great Falls						$136,604
Helena		$4,795		$2,693	$474	$69,252
Missoula						$64,287
CALIFORNIA AREA						
Bakersfield						$141,315
Fresno	$8,376	$77,261		$30,272		$181,123
Los Angeles	$1,479	$21,700			$13,490	$601,860
Sacramento	$9,128	$76,315		$29,831	$12,305	$231,384
San Diego	$3,333	$10,016		$15,976	$5,285	$256,382
San Francisco	$4,616	$73,047	$27,648	$73,318	$6,595	$375,092
San Jose	$2,454	$43,795		$15,571	$7,298	$200,677
Santa Barbara		$21,484		$12,783	$31,079	$219,213
OKLAHOMA AREA						
Dallas	$838	$3,201		$30,832	$9,341	$439,166
Wichita	$763	$34,729		$7,222	$7,326	$248,077
PHOENIX AREA						
Phoenix						$129,140
Reno						$157,173
Salt Lake City			$3,566		$1,062	$164,067
PORTLAND AREA						
Portland	$3,295	$23,037		$7,131	$1,651	$278,776
Seattle	$11,113	$194,413		$35,270	$13,899	$1,205,915
Spokane	$4,465	$27,024		$14,318	$1,615	$196,972
TUCSON AREA						
Tucson	$136			$67	$1,259	$138,081
USET AREA						
Boston						$130,013
New York City						$129,929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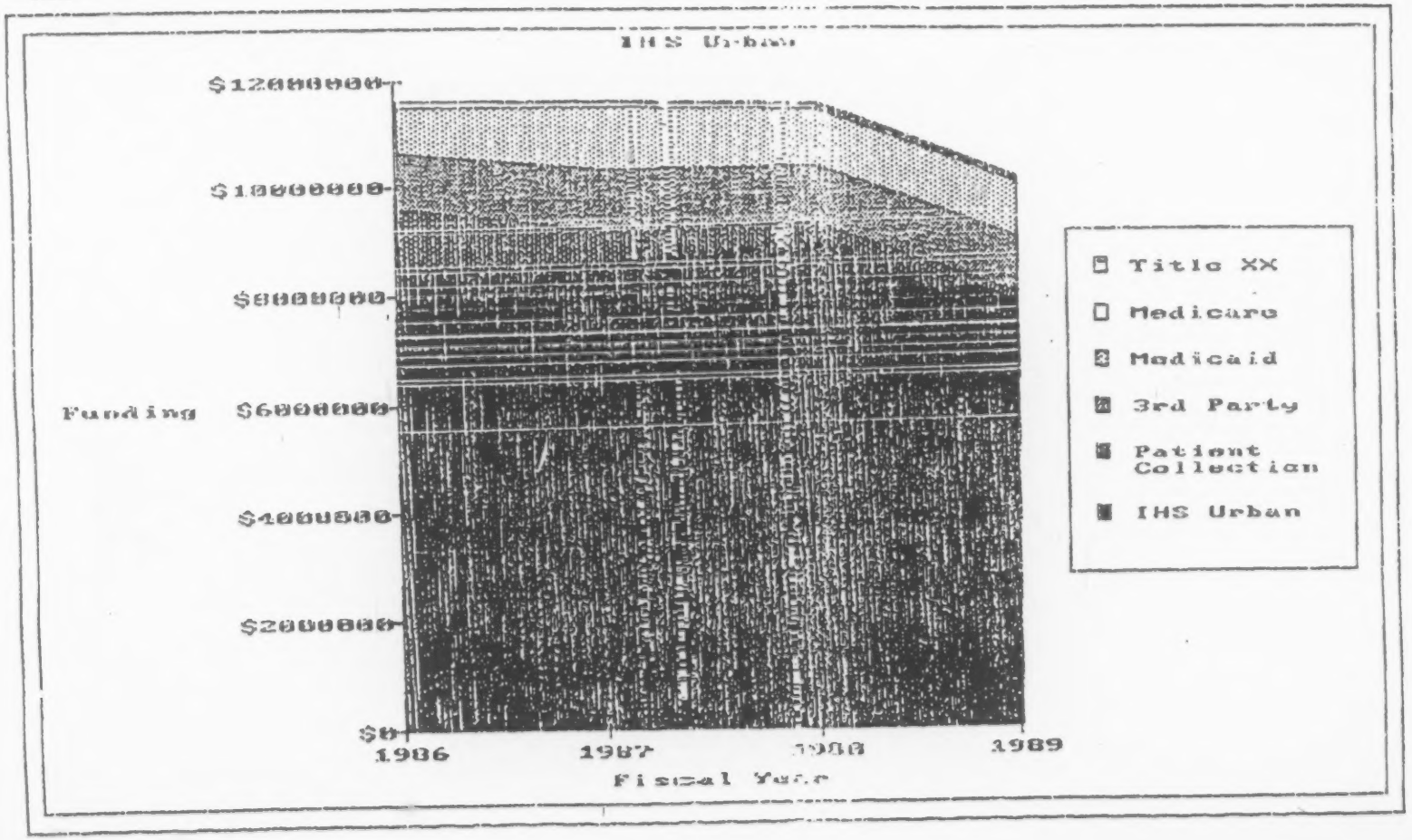
$1000000
$0
1986
1987
1988
1989
Fiscal Year
Title XX
Medicare
Medicaid
3rd Party
Patient Collection


IHS Urban
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$4000000
$2000000
$0
Funding
1986
1987
1988
1989
Fiscal Year
Title XX
Medicare
Medicaid
3rd Party
Patient Collection
IHS Urban

Question: Do urban health programs receive funding from the Omnibus Drug Act (Public Law 99-570)? How much and for what purpose?

Answer: The urban Indian health programs are not included in the Omnibus Drug Act (PL. 99-570).

EPA WATER/SEWER CRITERIA

Question: Are Tribes complying with EPA water and Sewer criteria?

Answer: The following table on drinking water compliance of tribal community water systems is based on data available for the end of FY 1986:

Item	Percent U.S. Compliance	Percent Tribal Compliance	Percent Tribal Non-Compliance	Percent Tribal Unknown
Bacteriological Monitoring	77	75	14	11
Bacteriological Quality	88	80	3	17
Inorganics		82	3	17
Organics		83	1	16
Radiation		73	0.5	26.5
Turbidity	93	78	4	18

Based on data available for the end of Fiscal Year 1986, of 265 Tribal sewer systems that are subject to EPA regulations, 58 percent were in compliance, 12 percent were in noncompliance, and 30 percent were unknown. Water and sewer facilities that serve individual homes typically are not subject to EPA regulations.

Question: Is there a lack of funding for staffing and equipment?

Answer: It is recommended by IHS and reported by EPA that many tribes lack adequate staff and other resources needed to provide routine system maintenance and monitoring and to maintain adequate records. In many cases, only absolutely necessary maintenance is done to keep facilities minimally operational and within EPA standards. Unfortunately, because most tribes are not providing adequate routine maintenance and typically collecting user fees for capital recovery funds, sanitation facilities in Indian country have a shorter than normal useful life.

Question: What would it cost to provide the necessary

equipment to the Tribes?

Answer: Based on data provided by the IHS Area offices, at the end of FY 1987 approximately $18 million dollars was needed for new and upgraded equipment, e.g., testing equipment, sewer cleaning machines, septic tank pumpers, backhoes, etc., and for associated operator training. This equipment and training will assist tribes who own and operate systems serving approximately 90,400 Indian homes, to provide adequate routine maintenance that has been postponed because user fees which are collected by the tribes from the users of the system fall short of needs and direct tribal subsidies are not available. The IHS will continue to provide limited operation and maintenance training with available resources and is coordinating with other entities, such as the EPA and the States, to combine resources more effectively.

SANITATION FACILITIES

Question: In view of the need for construction of sanitation facilities for Indian homes, why are you requesting no funding for this purpose?

Answer: The Administration has had a long standing policy that construction of sanitation facilities should be part of construction of housing.

Question: What is the total unmet need for sanitation facilities construction? What would be the maximum program you could effectively manage in a given fiscal year?

Answer: There presently is a need for approximately $608.7 million for the provision of sanitation facilities to serve existing Indian and Alaska Native homes. The maximum program that could be managed effectively in any fiscal year is approximately $100 million, which would permit construction of facilities for new, renovated and existing Indian housing and provide equipment and training for operation and maintenance organizations. The IHS has not indentified offsets within the levels proposed by the Bipartisan Budget Agreement. Although up to $125 million annually has been managed by the IHS sanitation facilities construction program; based on consideration of the contracting resources available, staffing levels, and the complexity of projects, it is projected that $100 million is the maximum amount of construction funding that could be effectively managed in a fiscal year.

BED METHODOLOGY

Question: Has the Department's Inspector General criticized the Indian Health Service (IHS) for your method of determining the number of beds in newly constructed hospitals? What is the basis of the Inspector General's objection?

Answer: The Office of the Inspector General (OIG), in a Priority Audit Memorandum dated February 9, 1988, criticized the IHS for

overbuilding health care facilities and implied that there were errors in the Program Justification Documents (PJD's) for new facilities with respect to workload data, planning assumptions, and mix of private vs. semiprivate rooms. The OIG also suggested that the IHS Bed Need Planning Methodology is overly generous.

Question: Have you responded to the IG? What was your response?

Answer: The Indian Health Service (IHS) response to the IG is being prepared currently. It will describe recent refinements to our health facility planning process including implementation of a new Bed Need Planning Methodology which has resulted in significant space reductions for several facilities including some that had reached the final planning stages.

Question: Is this situation delaying the construction of hospitals? Can you offer a solution to this problem?

Answer: Thus far, Indian Health Service (IHS) actions to address the IGs concerns have caused 3- to 4-month delays in the design schedules of at least four new hospital projects: Anchorage, AK, Shiprock, NM, Ft. Defiance, AZ, and Pine Ridge, SD. The IHS is hopeful that when amended Program Justification Documents (PJD's) for these projects, based on the new Bed Need Planning Methodology are submitted to the Public Health Service they will be promptly approved without waiting until after the final audit report has been issued. We believe the 3 to 4 month delay reflects prudent management of IHS funds since future appropriations would be drained by the costs associated with maintaining empty hospital beds.

INDIAN SELF-DETERMINATION

Question: Throughout your budget, you have emphasized your support of Indian Self-Determination. For instance, on page 41 you state that you will continue to seek ways to reduce barriers to Indian involvement in health program management. Your budget request would indicate that you have chosen not to seek funding to help reduce barriers. However, the budget contains no increases other than for built-in costs.

A recent GAO report found that inadequate resources was the largest barrier to increased Indian involvement. Your budget, apparently, does not attempt to address this issue. You have requested an increase of less than 4 percent at a time when health care costs are increasing at a much higher rate. What was your initial budget request to the Department for FY 1989?

Answer: The IHS initial budget request for Health services included an increase of approximately $401 million above the FY 1988 President's Budget request of $794 million, or a 50.5 percent increase. The initial request included an estimated level of funds required to maintain FY 1988 current services (prior to actual appropriations action) and program increases such as staffing and operating cost of new health facilities, health promotion/disease prevention (HP/DP) activities, etc.

Question: What level of funding is included in the Administration's request for indirect costs?

Answer: $36,193,000 is included to support administrative/indirect costs of tribal P.L. 93-638 awards including $2.5 million for initial or expanded self-determination contracts.

Question: What was included in your initial request to the Department?

Answer: The initial request to the Department included an increase of $39 million associated with self-determination activities. The $39 million request includes $17.5 for the administrative/indirect costs for new and existing tribal contracts. The balance $21.5 million, was requested to remove barriers to self-determination contracting activities by providing funds to programs that the tribes or tribal organizations preceived as underfunded.

Question: In the request to OMB?

Answer: The request to OMB included $39 million in support of the Administration's commitment to removing federal barriers from tribal administration of federally funded health activities.

Question: Do you have an estimate of the total unmet need for indirect cost?

Answer: Based on an ongoing preliminary study, the IHS estimate indicates an additional $16 to $18 million would be required to bring reimbursement of required indirect costs up to an appropriated level.

Question: In FY 1988, you received an additional $2.5 million for indirect cost for transitional cost associated with new or expanded tribal contracts. The FY 1989 budget includes $2.5 million for the same purpose. Is this the same $2.5 million that you received in 1988?

Answer: Yes, and in FY 1989 it will provide an amount to fund transitional costs of additional initial or expanded tribal contracts, grants, or cooperative agreements with the IHS under provisions of the Indian Self-Determination Act.

Question: If so, how do you plan to meet the 1989 needs of the contracts who received these funds in 1988?

Answer: The IHS will at least maintain the level of support provided in FY 1988 for these needs.

Question: Is an additional $2.5 million required in 1989 in order to continue to fund these costs?

Answer: No. Continuation of FY 1988 self-determination contract indirect costs is included in the President's FY 1989 budget request.

COMMUNITY HEALTH REPRESENTATIVES

Question: The Fiscal Year 1989 Budget proposes a decrease of $1,528,000 in the Community Health Representatives (CHR) Program. I understand that all CHR Programs are operated by Tribes and that they represent a prime example of the intent of Self-Determination Legislation.

Your budget on page 110 states that "The IHS will minimize any adverse effect of the expected 9.9 percent reduction in services by increased efficiency and targeting of activities to those of highest priority." What will be the real effect of this reduction?

Answer: The IHS FY 1989 budget request proposes a decrease of $1,528,000 in the Community Health Representative (CHR) program in an effort to focus scarce resources on maintaining key inpatient and outpatient medical care. This will pose a limited reduction in funds available for staff and training for the CHR program.

Question: Your budget, on page 109, indicates that in FY 1987, 234 Contracts/Grants served nearly 250 Tribes and supported 1,411 CHR's, who provided 3.4 million encounters. What do you estimate will be comparable figures in FY 1988 and FY 1989?

Answer: For FY 1988 comparable figures would be approximately the same as in FY 1987. However, for FY 1989, if the $1.528 million reduction is effected, 42 1-CHR programs would be terminated leaving a balance of 192 Contracts/Grants with 1,272 CHR's representing 192 Tribes; approximately 3.1 million encounters would be provided.

Question: In the Continuing Resolution passed last December there was language included which directed the Indian Health Service to give priority consideration in the distribution of funds for diabetes research to the project at Ada, Oklahoma that has been initiated by the Seminole Nation. As you know, diabetes is a real problem among Oklahoma Indians. In fact, Edwin Tanyan, Chief of the Seminole Nation, has lost both legs due to diabetes and is the inspiration behind the Ada project. It is his sincere belief that through further research and education, amputations such as his experience, can be drastically reduced or eliminated. My question is, has IHS made any determinations yet regarding the Ada project, and if not, is it likely that the project can expect to receive some of the funds?

Answer: There is no clear consensus among all medical experts supporting all the possible indications for noninvasive vascular testing in the diabetic patient listed in the Ada proposal nor is there consensus about the most cost effective equipment for this testing. Because this is such an important issue, the American Diabetes Association has recently begun planning to convene a consensus conference to explore these questions. Since excellent equipment is already available at the Carl Albert Indian Health Facility to evaluate the diabetic lower extremity, and the cost effectiveness of expensive duplex scanners in a small hospital where no vascular surgery is performed is not yet clear, it seems prudent to delay acquisition of this particular equipment until

guidelines become available. In the meantime, our efforts to reduce amputations will continue.

Specifically: 1) A workshop has been convened for May in Oklahoma City to train IHS surgeons in NIVI concepts. 2) The basic equipment to perform NIVI is being purchased at several of our facilities, and after the workshop, this equipment should be available at all of our IHS surgical programs. This approach is intended to make the basic principles of NIVI available to all of our IHS surgical facilities, rather than concentrating on just two facilities to develop vascular lab capabilities that are really beyond the needs and practicalities of IHS.

BLOOD QUANTUM

Question: The IHS in the past has attempted to limit recipients of services by establishing a blood quantum or allowing only registered members of tribes to qualify. Because many of my constituents are concerned about losing the benefits of service from IHS, what is the latest on your efforts to restrict the number of receiving services?

Answer: On September 18, 1987, a final rule was published making amendments to 42CFR36 changing the eligibility criteria for most IHS programs. As a result of the Fiscal Year 1988 Appropriations Act, the original March 16, 1988, implementation date was changed to September 16, 1988. The Secretary issued the new regulation after thorough consideration of over 11,000 comments.

The proposal to use blood quantum as an eligibility criteria was rejected in response to the overwhelming opposition expressed by the Indian community. We believe the final rule's reliance on tribal membership will strengthen tribal sovereignty and enhance the role of both tribal sovereignty and tribal governments. Registration is not an eligibility criteria but rather is an effort to more precisely identify the eligible population and to maintain records of eligibility for alternate resources. Patient registration is an ongoing program that serves as the central core for the IHS automated management system.

Question: The Daily Oklahoman reported on March 14, 1988, that the Oklahoma Area Office of the Indian Health Service has millions of Federal dollars that are unaccounted for, somewhere between $4 and $5 million. This report upsets me, especially considering the need that exists among the Indian population for medical services. What is the IHS doing to resolve this problem and to account for the funds?

Answer: The Oklahoma Area Office, in keeping with IHS national policy, utilizes an Advance Payment System to make cash available to tribal contractors for day-to-day operations. The tribes submit monthly cost reports to the IHS Area Contracting Office. Once approved by the Contracting Officer, these cost reports are applied to the cash advances received to date to .sure that cash needs are met, as well as to ensure that excessive cash is not being held by the tribal contractor.

The amount of cash on hand at any time is based on a payment schedule approved by the Contracting Officer. The Contracting Officer reviews the Advance Payment Schedule to ensure that cash on hand reflects only current cash needs. The possibility of excessive cash on hand is being reviewed. When we have better information, we will be happy to report to the committee.

SUBCOMMITTEE RECESS

Senator REID. We'll stand in recess, pending the call of the Chair.

[Whereupon, at 10:20 a.m., Tuesday, March 15, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

MONDAY, MARCH 21, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 8:30 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, DeConcini, Burdick, Reid, McClure, Stevens, and Nickles.

DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

STATEMENTS OF:
WILLIAM P. HORN, ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS
WILLIAM PENN MOTT, JR., DIRECTOR

ACCOMPANIED BY:
DENIS P. GALVIN, DEPUTY DIRECTOR
C. BRUCE SHEAFFER, COMPTROLLER
EDWARD L. DAVIS, ASSOCIATE DIRECTOR, BUDGET AND ADMINISTRATION
ROBERT G. STANTON, ASSOCIATE DIRECTOR, OPERATIONS
JERRY L. ROGERS, ASSOCIATE DIRECTOR, CULTURAL RESOURCES
GERALD D. PATTEN, ASSOCIATE DIRECTOR, PLANNING AND DEVELOPMENT
DR. F. EUGENE HESTER, ASSOCIATE DIRECTOR, NATURAL RESOURCES
JOHN W. (JACK) NECKELS, DEPUTY REGIONAL DIRECTOR, ROCKY MOUNTAIN REGION, DENVER
HERBERT S. CABLES, JR., REGIONAL DIRECTOR, NORTH ATLANTIC REGION, BOSTON
MANUS (JACK) FISH, JR., REGIONAL DIRECTOR, NATIONAL CAPITAL REGION, WASHINGTON, DC
JAMES W. COLEMAN, JR., REGIONAL DIRECTOR, MID-ATLANTIC REGION, PHILADELPHIA
ROBERT M. BAKER, REGIONAL DIRECTOR, SOUTHEAST REGION, ATLANTA

ACCOMPANIED BY—Continued
DON H. CASTLEBERRY, REGIONAL DIRECTOR, MIDWEST REGION, OMAHA
JOHN E. COOK, REGIONAL DIRECTOR, SOUTHWEST REGION, SANTA FE
STANLEY T. ALBRIGHT, REGIONAL DIRECTOR, WESTERN REGION, SAN FRANCISCO
CHARLES H. ODEGAARD, REGIONAL DIRECTOR, PACIFIC NORTHWEST REGION, SEATTLE
Q. BOYD EVISON, REGIONAL DIRECTOR, ALASKA REGION, ANCHORAGE
DAVID G. WRIGHT, MANAGER, HARPERS FERRY CENTER, HARPERS FERRY
ROBERT J. SHELLEY, ACTING MANAGER, DENVER SERVICE CENTER, DENVER
ANTHONY L. ITTEILAG, DIRECTOR, OFFICE OF BUDGET, DEPARTMENT OF THE INTERIOR

BUDGET REQUEST

Senator BYRD. Good morning. The subcommittee will come to order.

This is the time scheduled to review the fiscal year 1989 budget request for the National Park Service.

The Service's budget request for its major operating account is for the sum of $733,768,000, an increase of $2,969,000 over 1988 appropriations to date.

The budget proposes no funding for the Historic Preservation Program, down from the 1988 enacted level of $28,250,000.

The budget also proposes a funding level of $15,779,000 for land acquisition, down $44,970,000 from the 1988 appropriation to date.

The fiscal 1989 budget request for construction is $15,003,000, which is down $78,014,000, or minus 84 percent, from the 1988 appropriations to date.

Testifying on behalf of the 1989 budget for the National Park Service will be its Director, Mr. William Mott, and the Assistant Secretary for Fish and Wildlife and Parks, Mr. William Horn.

We welcome you gentlemen before the committee and, as is our custom, we will insert your statements into the record as though delivered in full, and you may hit the highlights if you so wish.

I understand that the regional directors are also in attendance. It might be well, after you have introduced your colleagues, for the regional directors each to stand and introduce themselves. If we may begin now, after the introductions are complete, we will then proceed directly to our questions.

Senator Burdick, is there anything you have to add at this point?

Senator BURDICK. Not at this point, Mr. Chairman.

Senator BYRD. All right.

Mr. Mott, would you proceed?

INTRODUCTION OF COLLEAGUES

Mr. MOTT. May I have the individual regional directors stand and introduce themselves.

Mr. COLEMAN. I am Jim Coleman, Regional Director, Mid-Atlantic region.

Mr. CABLES. I am Herbert Cables, Regional Director, North Atlantic region.

Mr. FISH. Jack Fish, Regional Director, National Capital region.

Mr. CASTLEBERRY. Don Castleberry, Midwest region.

Mr. COOK. John Cook, Southwest region.

Mr. NECKELS. Mr. Chairman, I am Jack Neckels, Deputy Regional Director, Rocky Mountain region, and I would like to introduce the Regional Director, Ms. Mintzmyer.

Mr. ALBRIGHT. I am Stan Albright, Regional Director of the western region.

Mr. ODEGAARD. Charles Odegaard, Pacific Northwest region.

Mr. EVISON. Boyd Evison, Alaska region.

Mr. BAKER. Robert Baker, southeast region.

Mr. MOTT. Mr. Chairman, some of our associate directors in the Washington office deal with the staff quite frequently. I think they should introduce themselves so you will know who they are.

Mr. DAVIS. Edward L. Davis, Associate Director, Budget and Administration.

Mr. HESTER. Eugene Hester, Associate Director, Natural Resources.

Mr. ROGERS. Jerry Rogers, Associate Director, Cultural Resources.

Mr. STANTON. Mr. Chairman, Bob Stanton, Associate Director, Operations.

Mr. PATTEN. I am Gerald Patten, Associate Director, Planning and Development.

Mr. WRIGHT. I am David Wright, Manager, Harpers Ferry Center.

Mr. SHELLEY. I am Robert Shelley, Acting Manager, Denver Service Center.

STATEMENT OF WILLIAM PENN MOTT, JR.

Mr. MOTT. Mr. Chairman, I will condense some of the remarks that I have in my prepared statement.

Senator BYRD. Let us thank all of your people who have come out this morning. We appreciate your attendance and welcome you.

Mr. MOTT. One of the things that I have observed since I have traveled around and visited units of the National Park Service, Mr. Chairman, is that we have a very unique organization from the standpoint of the staff. The morale is high. We are doing an outstanding job in the field in caring for the resources. They also care for each other and they care for the general public, and I think that is very commendable on their part. And I think the public responds accordingly.

The main program that I would like to comment upon is our fee program. I want to thank you and all that have approved this program because it has been very well received by the public. We have received

little or no complaints with regard to the fee schedule. I think it is going over very well and it is making it possible for us to do some things that we wouldn't be able to do in the system.

This coming fiscal year in 1989, we will be receiving $52.2 million in fees and that is being distributed as follows: $16 million for interpretation, $4 million for maintenance of resource-related activities, $16.1 million for cultural resource management, and $16.1 million for natural resource management.

I think it is important to understand that there is a shift of emphasis because of the way the fee money is appropriated now. The total amount of fee money, less 10 percent which is kept in a special discretionary fund for distribution on a servicewide basis, goes directly to the park areas.

This has shifted the emphasis on some of our activities because the money going to the park areas has to be used for interpretation, research, and resource management. There are some areas of maintenance that we are not able to handle simply because of the redistribution of the fee money on the basis of that distribution system.

OPERATION OF THE NATIONAL PARK SYSTEM

The 1989 budget request for operation of the National Park System is $733.8 million, an increase of $3 million from the 1988 appropriation. In addition to the increase in our operating budget resulting from the proposed infusion of fee money, increases are proposed for a number of other important needs. These include additional funding for the Presidential Inaugural of $700,000, planning and startup of the newly established Jimmy Carter National Historic Site, $191,000, phase I cleanup of the Krejci Dump Site at Cuyahoga Valley National Recreation Area in the amount of $1.2 million, and dam safety initiatives at four parks for $3.45 million.

Funds to cover additional fixed costs of $12.2 million are requested for GSA space rental, FTS and local telephone charges, postage, employees' compensation, unemployment compensation, data processing, implementation of the financial integration review for management project, park police pension fund, park police pay equalization, and the mandatory pay increase for clerical and executive positions. These are largely offset by a decrease in the cost of the Federal Employees' Retirement System in the amount of $10 million.

DECREASES IN THE BUDGET

Due to the urgent need to limit Federal expenditures and to respond to priorities established by park managers, a number of items added by Congress to the 1988 budget request are shown as decreases in 1989. Decreases are also proposed in this budget for regional programs of cultural and regular cyclic maintenance in the amount of $12.2 million, and repair and rehabilitation in the amount of $12 million, and servicewide programs of natural resource preservation, $4.6 million, and cultural resource preservation $3.2 million.

I would like to explain why these reductions are proposed. As you know, Mr. Chairman, our budget request to you for fiscal years 1987 and 1988 included an amount to be delivered from fee receipts; in fiscal year 1987, $59 million and in fiscal year 1988, $74 million consistent with our proposed fee legislation submitted to Congress.

Though permanent fee legislation was not enacted prior to appropriations for these years, Congress did provide authority for temporary fee legislation and appropriated additional funds under the operation of the National Park System [ONPS] appropriation to carry out the intent of the fee proposal.

In fiscal year 1987 Congress assumed $54 million would be collected and deposited in the general fund and in fiscal year 1988, $55 million. In both years, Congress included $15 million to be allocated to parks by formula. The remainder of the assumed fee revenue of approximately $40 million was credited to the "ONPS" account.

In fiscal year 1989, permanent fee legislation directed that all $52 million from fee receipts be distributed by a formula similar to that directed by Congress in fiscal years 1987 and 1988 for the $15 million for enhanced park operations. Therefore, in order to comply with the law, the Park Service redirected funds from regional and servicewide programs to park areas.

NATIONAL RECREATION AND PRESERVATION

Funding added in 1988 for technical assistance to States for river and trail conservation activities will be eliminated in 1989. This was an addon. Reductions are also proposed in recreation program assistance to State and local governments. The cultural resource protection initiatives undertaken in 1988 will be completed and funding is decreased, accordingly.

CONSTRUCTION

The 1989 request for construction is $15 million which will fund four construction projects in four park areas that address urgent health and safety needs. These four projects basically have to do with toilet facilities at Canaveral National Seashore and Golden Gate National Recreation Area, toilet facilities at Muir Woods National Monument, Mesa Verde National Park water system, and at Yosemite National Park to improve the electric system there.

JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

The $5.2 million proposed for the John F. Kennedy Center for the Performing Arts provides an increase of $0.3 million over the 1988 budget. The request reflects the transfer of funds and FTE's from the "Operation of the National Park System" account for U.S. Park Police officers permanently assigned to the security detail at the John F. Kennedy Center.

LAND ACQUISITION

In land acquisition, no new acquisition funds are requested for specific parks in 1989. Sufficient funding is included to meet anticipated emergency acquisitions and hardships. Discretionary land acquisitions will be postponed until the Federal deficit situation is improved.

HISTORIC PRESERVATION FUND

No new budget authority is requested for historic preservation grants to the States or to the National Trust for Historic Preservation. We anticipate that States will assume responsibility for their programs without Federal assistance.

CONSTRUCTION (TRUST FUND)

In fiscal 1989, $31 million is requested to be derived from the highway trust fund to liquidate contract authority provided under Public Law 95–599, to continue construction of the Cumberland Gap Tunnel. The funding will be used to complete construction of the main tunnel bores.

GENERAL ACCOUNTING OFFICE REPORT

Finally, I would like to address the recent draft GAO report on the adequacy of Park Service road and facilities maintenance. This draft report has generated considerable controversy given the statement in the report that the maintenance and major reconstruction-related funding shortfall is in the order of $1.9 billion, including roads. This large dollar figure, coupled with GAO's belief that some deferred project work includes health and safety items, requires further investigation by us.

We categorically state that although every potential health and safety threat will never be eliminated from our parks, we are not aware of any major highly dangerous risks to park visitors which are being allowed to continue due to negligence or lack of funding availability.

Additionally, if our park managers are aware of any immediate health and safety risk that cannot be immediately rectified, that facility would immediately be closed to the public. However, the Service agrees with the GAO finding that the current level of maintenance and major rehabilitation and facility replacement funding, such as funds for employee housing, would be less than optimal in a less constrained funding atmosphere.

Given these severe constraints and competing national priorities facing the Federal Government, we believe that the current level of maintenance funding will preserve park facilities until such time as additional resources can be made available.

PREPARED STATEMENT

This concludes my comments, Mr. Chairman, and I would be very happy to respond to any questions that you may have.

[The statement follows:]

STATEMENT OF WILLIAM PENN MOTT, JR.

Mr. Chairman and Members of the Subcommittee, it is a pleasure to appear before this Subcommittee to discuss the 1989 budget request of the National Park Service. From the vantage of visiting many of the sites and monuments in the System during the past year, I can assure you that they are more than ever a great source of pride for America and are managed by an impressive, competent and dedicated group of employees. Despite the growing challenge associated with managing the parks for preservation and use, I am proud to report that we are making progress. I believe that the Service is in good shape. Staff morale is high, and I expect the Service will continue to carry out its mission in an exemplary manner.

I expect the Service to continue making progress because of the high priority placed on supporting the operating base of the National Park Service in the 1989 budget. Despite the need to reduce the Federal deficit, the 1989 budget request for the "Operation of the National Park System" has increased by +$3.0 million over the 1988 enacted budget. This is, in fact, consistent with the trend throughout this decade. Funding for this account has increased by 29 percent since 1980, after adjusting for inflation.

I am extremely pleased with the new fee program for the National Park Service and the favorable response given it by the general public. Our evaluation to date of this program suggests that a vast majority of visitors to fee areas are pleased to participate, knowing that fees they are paying will improve the National Park System. Fee receipts collected in 1988, which are being requested for appropriation in fiscal year 1989, are estimated to total $52.2 million. It is anticipated that final park fee usage plans for FY 1989 will result in a distribution which appears as follows:

Program	($ in Millions)
Interpretation	16.0
Maintenance (Resource-related)	4.0
Cultural Resource Management	16.1
Natural Resource Management	16.1
Total	52.2

I can hardly begin to emphasize what an important contribution these revenues from fee collection are going to make on the operation of the National Park System, especially in terms of enhancing interpretation, research, resource protection, and maintenance of natural and cultural resources. This fee money is going directly to the parks, except for the 10 percent which is to be used by the Director for Systemwide needs in those same programs. For many parks, especially the smaller ones, the value is immense since these funds will represent a noticeable increase over their current operating base. For example, Yellowstone National Park will receive more than $2.6 million over its current base, a noncollecting area like Golden Gate National Recreation Area will receive over $500,000, and even a small, noncollecting area like Mount Rushmore National Memorial will receive nearly $50,000 in additional funds.

The highlights of the 1989 budget request are as follows:

Operation of the National Park System

The 1989 budget request for "Operation of the National Park System" is $733.8 million, an increase of $3.0 million from the 1988 appropriation.

In addition to the increase in "ONPS" resulting from the proposed infusion of fee monies, increases are proposed for a number of other important needs. These include additional funding for the Presidential Inaugural ($700,000), initiation of the Hetch Hetchy Reservoir restoration study ($600,000), planning and startup at the newly established Jimmy Carter National Historic Site ($191,000), phase I cleanup of the Krejci Dump Site at Cuyahoga Valley

National Recreation Area ($1.2 million), and dam safety initiatives at four park areas ($3.45 million).

Funds to cover additional fixed costs of $12.2 million are requested for GSA Space Rental, FTS and local telephone charges, postage, employees' compensation, unemployment compensation, PAY/PERS data processing, implementation of the Financial Integration Review for Management (FIRM) project, Park Police Pension Fund, Park Police Pay equalization, and the mandatory pay increase for clerical and executive positions. These are largely offset by a decrease in the costs of the Federal Employees Retirement System (-$10.0 million).

Due to the urgent need to limit Federal expenditures and to respond to priorities established by Park Managers, a number of items added by Congress to the 1988 budget request are shown as decreases in 1989. Decreases are also proposed in this budget for Regional programs of cultural and regular cyclic maintenance (-$12,155,000) and repair and rehabilitation (-$12,036,000), and Servicewide programs of natural resource preservation (-$4,631,000) and cultural resource preservation (-$3,238,000). I would like to explain why these reductions are proposed. As you know, Mr. Chairman, our budget request to you for fiscal year 1987 and 1988 included an amount to be derived from fee receipts; in fiscal year 1987, $59 million and in fiscal year 1988, $74 million consistent with our proposed fee legislation submitted to Congress.

Though permanent fee legislation was not enacted prior to appropriations for these years, Congress did provide authority for temporary fee legislation and appropriated additional funds under the "Operation of the National Park System" appropriation to carry out the intent of the fee proposal.

In fiscal year 1987 Congress assumed $54 million would be collected and deposited in the general fund and in fiscal year 1988 $55 million. In both years Congress included $15 million to be allocated to park areas by formula. The remainder of the assumed fee revenue of approximately $40 million was credited to the "ONPS" account.

In fiscal year 1989, permanent fee legislation directed that all $52 million from fee receipts be distributed by a formula similar to that directed by Congress in fiscal years 1987 and 1988 for the $15 million for enhanced park operations. Therefore, in order to comply with the law, the Park Service redirected funds from Regional and Servicewide programs to park areas.

National Recreation and Preservation Programs

Funding added in 1988 for technical assistance to States for river and trail conservation activities will be eliminated in 1989. Reductions are also proposed in recreation program assistance to State and local governments. The cultural resource protection initiatives undertaken in 1988 will be completed and funding is decreased, accordingly.

Construction

The 1989 request for "Construction" is $15.0 million which will fund four construction projects in four park areas that address urgent health and safety needs.

John F. Kennedy Center for the Performing Arts

The $5.2 million proposed for the "John F. Kennedy Center for the Performing Arts" provides an increase of $0.3 million over the 1988 budget. The request reflects the transfer of funds and FTE's from the "Operation of the National Park System" account for U.S. Park Police Officers permanently assigned to the security detail at the John F. Kennedy Center.

Land Acquisition

No new acquisition funds are requested for specific parks in 1989. Sufficient funding is included to meet anticipated emergency acquisitions and hardships. Discretionary land acquisitions will be postponed until the Federal deficit situation is improved.

Historic Preservation Fund

No new budget authority is requested for grants to the States or to the National Trust for Historic Preservation. We anticipate that States will assume responsibility for their programs without Federal assistance.

Construction (Trust Fund)

In fiscal 1989, $31.0 million is requested (to be derived from the Highway Trust Fund) to liquidate contract authority provided under Public Law 95-599, to continue construction of the Cumberland Gap Tunnel. The funding will be used to complete construction of the main tunnel bores.

Finally, I would like to address the recent draft GAO report on the adequacy of Park Service road and facilities maintenance. This draft report has generated considerable controversy given the statement in the report that the maintenance and major reconstruction related funding shortfall is on the order of $1.9 billion, including roads. This large dollar figure, coupled with GAO's belief that some deferred project work includes health and safety items requires further investigation by us. We categorically state that although every potential health and safety threat will never be eliminated from our parks, we are not aware of any major, highly dangerous risks to park visitors which are being allowed to continue due to negligence or lack of funding availability. Additionally, if our Park Managers are aware of any imminent health and safety risks that cannot be immediately rectified, that facility would immediately be closed to the public. However, the Service agrees with the GAO finding that the current level of maintenance and major rehabilitation and facility replacement funding, such as funds for employee housing, would be less than optimal in a less constrained funding atmosphere. Given these severe constraints and competing national priorities facing the Federal Government, we believe that the current level of maintenance funding will preserve park facilities until such time as additional resources can be made available.

This concludes my prepared remarks, Mr. Chairman. I would be happy to respond to any questions you or other Members of the Subcommittee may have about our budget proposal.

Senator BYRD. Thank you, Mr. Mott.
Senator McClure, is there anything you would like to say?
Senator MCCLURE. No; thank you, Mr. Chairman.
Senator BYRD. Senator Stevens?
Senator STEVENS. Good morning, sir.
No statement.
Senator BYRD. Mr. Horn, if you have a statement, would you please proceed?

STATEMENT OF WILLIAM P. HORN

Mr. HORN. Yes, sir.
Let me just summarize very briefly, Mr. Chairman, and indicate that the focus, as in the past, this year is to earmark most of our dollars in the operations field because we think that is the most pressing need, to make sure that we have adequate funding to provide the first-class type of park system we think our citizenry deserves.
As a consequence that, coupled with the combination of last year's enactment of the fee authority, has permitted us to request a $734 million operating account, which is the largest in the Service's history, and we think it will provide us the resources and wherewithal to deliver the type of park system our citizenry needs.
We have focused our cuts, as has been traditional in the past, in two areas: the "Construction" account and land acquisition. It is not that there aren't additional needs in those areas, but we think that given the needs to stick with the deficit reduction targets agreed to by the President and the Congress, that cuts had to be focused somewhere and we think that we can defer activities in these two areas, whereas we don't think we can defer activities in the critical "Operations" account.

PREPARED STATEMENT

That basically is a brief summary, and I will be pleased to answer any questions that the committee may have.
[The statement follows:]

STATEMENT OF WILLIAM P. HORN

Mr. Chairman and members of the subcommittee, it is a pleasure to be here today to discuss the National Park Service budget request for fiscal year 1989.
The fiscal year 1989 budget estimate for the National Park Service is $794.3 million, a decrease of $160.2 million compared with the 1988 appropriation level of $954.5 million. Although this represents an overall decrease, the reductions are proposed in non-operations programs; land acquisition, construction, and the State grant programs. It also reflects the major, but anticipated fall off in contributions for the Statue of Liberty, and the lower than expected costs for the Federal Employees' Retirement System.
Our top priority has been to maintain or increase funds for park operations, and our budget request reflects this priority. The National Park Service request for the "Operation of the National Park System" appropriation is $733.8 million—the highest level in history. We have been able to achieve this level as a result of the permanent fee legislation that allows the Service to use the revenues from these fees to supplement the operation and maintenance of park areas.

The 1987 Budget Reconciliation Act provided the Service with permanent authority to establish and increase entrance fees for most units in the system. The legislation allows the Service to retain all recreation fees collected to enhance park operations at all units of the system: 50 percent of the funding is to be distributed based on the proportion of the total fee revenues collected by each collecting unit during the prior fiscal year, 40 percent is to be distributed based on the proportion of the total budgeted in each unit in the prior fiscal year for park operating expenditures, and 10 percent is to be distributed on the basis of need in a manner to be determined by the Director of the National Park Service. Under this authority, revenues resulting from the fees are being deposited into a special account established in the Treasury of the United States. These revenues are available for appropriation in the subsequent fiscal year for the prescribed uses of research, resource protection, interpretation, and for maintenance activities associated with natural and cultural resource protection.

This program is going to have a major and positive impact on many of parks, especially the larger ones. Fee receipts collected in 1988 which are being requested in fiscal year 1989 are estimated to total $52.2 million. Some examples will illustrate my point. Park areas that will receive about $500,000 in fee moneys include Glacier National Park, Bryce Canyon National Park, Mesa Verde National Park, Acadia National Park, Gateway National Recreation Area, National Capital Parks-East, Everglades National Park, Blue Ridge Parkway, Great Smoky Mountains National Park, Mammoth Cave National Park, Carlsbad Caverns National Park, Death Valley National Monument, Golden Gate National Recreation Area, and Lake Mead National Recreation Area. Parks that will receive approximately $1 million under this program include Grand Teton National Park, Zion National Park, Rocky Mountain National Park, Shenandoah National Park, and Sequoia-Kings Canyon National Parks. Yellowstone National Park and Grand Canyon National Park will receive in excess of $2 million, and Yosemite will receive over $3 million.

I have asked Director Mott to directly address the draft GAO study on park maintenance needs, but I would like to emphasize that the National Park Service expects to meet its high priority needs, especially those which involve the health and safety needs of visitors and employees, within the amounts requested. It is a priority to make certain that parks are safe places to visit, and that is a priority we can and will meet.

I would also like to add a word about land acquisition. You will note that we are not proposing additional land acquisition at this time. The reason we have not requested additional appropriations for land is because this function is not of sufficient fiscal priority at this time. We will be looking at land exchanges and other low-cost alternative land-protection methods during these periods of budgetary restraint. When the budgetary climate changes for the better, we will consider budget requests for additional land purchases for the parks.

That concludes my prepared testimony, Mr. Chairman. I would be pleased to respond to any questions that you or other members of the subcommittee may have.

FEE INCOME

Senator BYRD. One of the key issues relating to the National Park Service budget seems to be the issue of park fees. By way of background, during fiscal years 1987 and 1988, the committee appropriated specific amounts to the Service to use to administer the national parks, and provided the Service year-by-year authority to charge entrance fees at parks where fees had not previously been authorized. As the fees were collected, they were returned to the Federal Treasury.

In the reconciliation bill enacted last December, Congress provided the Service with permanent authority to charge entrance fees. In the fiscal 1989 budget, the Service has proposed to expand the number of parks with fees, and to use the estimated $52.2 million in fee receipts to administer the parks. The entrance fee program raises three major questions:

One, does the budget reduce the request for appropriated funds and insert in lieu thereof, funds derived from entrance or user fees?

These are just preliminary questions that we will get back to later.

Two, does the budget provide the appropriate amount of money for various functional categories, such as maintenance, or interpretation, or resource management?

Three, a third question: Does the budget implement the permanent fee legislation in a manner which will lead, over time, to two classes of parks: the increasingly rich ones, those with high visitation and a fee, and the increasingly poor ones, those without a fee?

Mr. Secretary, either you or the Director, is the fee income in the budget to be provided to the parks in addition to, or is it being used to reduce or offset, the request for appropriations?

Mr. HORN. Mr. Chairman, let me just outline briefly the history. We are consistent with the commitment that the Secretary made when we first proposed fee legislation 2 years ago. That is that fee revenues would be supplemental and be added to our basic operating base of funds.

A brief recap of the history: When we sent up our first fee initiative, we were operating in fiscal year 1986 with an appropriated amount in the operations account of $597 million. The following year, fiscal year 1987, we requested $596, plus $59 million to be derived from fees if Congress saw fit to authorize the collection of such fees.

That was our request. The appropriation was basically the $596 million requested, plus $54 million added, when this committee gave us the interim authority to collect fees.

In fiscal year 1988, our request was for a base of $641 million, plus $74 million in fees, for a total of $715 million in the operating account, and in last December's continuing resolution that included the fee authority, the numbers were $676 million, in essence, as an appropriated base, plus $55 million of fee revenue.

This year, the fiscal year 1989 proposal increases the nonfee base again to a total of $682 million, plus $52 million which we expect to be generated from fees. So every year since we initially proposed the fees, the nonfee component of our operating account has continued to increase and in all cases the fees have been additive on top of that increase. So we are using the fees in a supplemental nature and not to offset cuts in sort of our base nonfee appropriation area.

Senator BYRD. So that the money is being added to, it is in addition to the base funding?

FEE FORMULA

Mr. HORN. Yes, sir.

I think the Director's statement reflects that there is a complicating factor in that the formula that we use to distribute fee income, the fee income that was derived from the authority provided in the appropriations acts, that formula was changed by the measure that came from the authorizing committees, and in order to change the distribution inter-

nally of those fundings to comport with the current state of the law, it has required some reduction and reallocation of costs between the field, the region, and the Washington offices, and the Director has spoken to that.

So you see some adds and pluses and minuses internal to the budget to reflect the change in the formula distribution that is the result of the change in the appropriations language to the authorizing language.

Senator BYRD. So essentially, the money is in addition to the base funding?

Mr. HORN. Yes, sir.

Senator BYRD. It is not being used to reduce or offset the request for appropriation.

Mr. HORN. No, sir.

FEE INCOME ALLOCATION

Senator BYRD. Is the fee money spread appropriately across various services and activities?

Mr. HORN. I will have to ask the Director to deal with that particular question.

Mr. MOTT. Based on the formula, Mr. Chairman, it seems to me that all of the units of the National Park System are benefiting from the fee schedule. For example, Arches National Park is estimated to receive from the fee schedule $242,200, an increase of 71 percent over the fiscal year 1989 park operating base.

The parks that are not collecting fees received a proportion of that fee money. For example, Golden Gate National Recreation Area, because of multiple entrances, does not collect a fee, but is estimated to receive $527,400 from the fee money in this formula distribution.

So that all of the parks are getting a share of the fee money, whether they collect fees or not. And all of that money is being used for research, interpretation, or resource management or the maintenance of resources. So I think that the money is being very well used and is very helpful to even the small units because they are getting some of this fee money, even though they are not collecting fees.

Senator BYRD. Do you think that an adequate portion is going for maintenance?

Mr. MOTT. The fee money can only be used for the maintenance of the resources, the natural resources and cultural resources, so that there are general maintenance funds that now have been shifted to the specifics, rather than to the general maintenance program.

EFFECT OF FEE INCOME ALLOCATION

Senator BYRD. Does the fee system lead to one set of rich parks and another set of poor parks?

Mr. MOTT. No; I don't think so. The larger parks, such as Yellowstone and Yosemite, that collect the bulk of our fee money obviously, because of their budget and their size, receive more fee money than a small park. But all of the parks are receiving fee money in proportion

to their budget and I think that it is being used very effectively by these units.

There is a lot of interpretive work, resource protection, and management and research that wouldn't take place in the smaller parks, if they didn't have the money that now can go forward.

Senator BYRD. Some parks will have a large increase in base funding due to fees, while others have a decrease or a very small increase?

Mr. MOTT. I am not aware of any unit in the system that is having a decrease in its base funding by virtue of the addons that they receive from the fee schedule.

There are some conditions where there have been addons to some of the parks, and those are not included in our 1989 budget. All addons, except for one or two exceptions, are not included in our 1989 budget.

Senator BYRD. So you say that there are no parks with decreases?

Mr. MOTT. There are some parks with decreases by virtue of the fact that the addons that were provided by Congress last fiscal year are not included in this fiscal year's budget.

Do you have those figures, Bruce? Bruce could give the exact figures.

Senator BYRD. You could just supply them for the record.

[The information follows:]

REDUCTION OF FISCAL YEAR 1988 CONGRESSIONAL ADD-ONS

Add-ons provided by Congress for fiscal year 1988 and no included in the fiscal year 1989 budget are as follows:

LIST OF FISCAL YEAR 1988 ADD-ONS NOT INCLUDED IN THE FISCAL YEAR 1989 BUDGET

Appropriation/Activity	Amount ($000's)
OPERATION OF NATIONAL PARK SYSTEM	
Park Management:	
Allegheny Portage Railroad National Historic Site	150
Apostle Islands National Lakeshore	175
Johnstown Flood National Memorial	100
Upper Delaware Council	286
Jean Lafitte National Historical Park	332
Hot Springs National Park	225
Buffalo National River	200
New River Gorge National River	300
City of Rocks National Reserve	100
Lowell National Historical Park	400
Harpers Ferry National Historical Park	220
Hawaii Volcanoes National Park	250
Haleakala National Park	250
Glen Canyon National Recreation Area	250
New River Gorge Parkway Commission	60
El Malpais National Monument	150
Ford's Theater Ushers	64
Harpers Ferry Police	85
Radon Monitoring	500
Utility Costs	500
Pacific Northwest Parks Road Maintenance	420
Delaware Water Gap National Recreation Area	170
Indiana Dunes National Lakeshore	350
Trail Maintenance	1,500
Collections Management - Artifacts	2,763
Bryce Canyon National Park	125
Study Research Program	100
Western Hemisphere Technical Assistance	249
Subtotal, Park Management	10,274
Forest Fire Suppression	10,000

Park Recreation and Wilderness Planning:	
Black Fly Monitoring, New River Gorge National River	100
Statutory and Contractual Aid:	
Roosevelt Campobello International Park	16
Martin Luther King National Historic Site	2,351
Fisk University, Jubilee Hall	168
William McKinley Monument	925
Blackstone River Commission	350
Balboa Park, City of San Diego, CA	200
Subtotal, Statutory and Contractual Aid	4,010
TOTAL, OPERATION OF THE NATIONAL PARK SYSTEM	24,384
NATIONAL RECREATION AND PRESERVATION	
Recreation Programs:	
External Federal Recreation and Statistics Programs	316
Natural Programs:	
State and Local Rivers and Trails Assistance	1,900
Rails-to-Trails Program	75
National Register Programs:	
Railroad and Canal Historic Documentation	150
Flood and Industrial Heritage Documentation	120
HABS/HAER Maritime Resources Documentation	75
Federal Archeological Program	100
TOTAL, NATIONAL RECREATION AND PRESERVATION	2,736
CONSTRUCTION	
Line Item Construction:	
Boston National Historical Park - Rehabilitate Faneuil Hall	3,000
Buffalo National River -	
Tyler Bend Public Use Development	3,800
Erbie Campground Development	650
C & O Canal National Historical Park - Flood Damage Repairs	1,000
Cuyahoga Valley National Recreation Area -	
Erosion Control	200
Kendall Area Rehabilitation	600
Restore Canal Locktender's House	735
Delaware Water Gap National Recreation Area - Repair/Replace Facilities, Dingman's Ferry	1,200
Denali National Park and Preserve - Complete Polychrome Pass Comfort Station and Wonder Lake Campground	1,300

Savage River Bus Shelter	60
Fort Union Trading Post National Historic Site -	
Reconstruct Fort	850
Fossil Butte National Monument -	
Complete Headquarters and Visitor Center	3,950
Friendship Hill National Historic Site -	
Repair/Rehabilitate Gallatin House	2,000
Gateway National Recreation Area -	
Great Kills Bathhouse Replacement	1,200
Guadalupe Mountains National Park -	
Pine Spring Visitor Center/Headquarters	3,650
Harpers Ferry National Historical Park -	
Restore Four Park Buildings	1,000
Jean Lafitte National Historical Park and Preserve -	
Barataria Environmental Education Center	800
Acadian Cultural Centers	5,500
Johnstown Flood National Memorial -	
Reconstruct Museum Building	4,300
Klondike Goldrush National Historical Park -	
Rehabilitate Portion of Mascot Saloon	296
Lincoln Home National Historic Site -	
Lincoln Home Interior Restoration	500
Lowell Historic Preservation Commission -	
Continuing and New Rehabilitation Projects	1,500
Natchez Trace Parkway -	
Construct Bridges at Pinewood Creek Area	13,200
New River Gorge National River -	
Complete Park Headquarters	2,000
Trails Development	300
Stabilize Kaymoor Mine Site	500
Springfield Armory National Historic Site -	
Rehabilitate Historic Structure	1,000
Thomas Stone National Historic Site -	
Stabilization of Buildings	400
Tuskegee Institute National Historic Site -	
Renovate Historic Buildings	2,000
Yosemite National Park -	
Construct Solid Waste Disposal Facility	300
Subtotal, Line Item Construction	57,791
Project Planning:	
Allegheny Portage Railroad National Historic Site -	
Summit Level Restoration, Horseshoe Curve Development, Staple Bend Tunnel, Saltsburg/ Western Division Mainline	1,650
Biscayne National Park -	
Sewage System and Seawall	500
Boston National Historical Park -	
Old State House	500

Blue Ridge Parkway -	
Fisher Peak Recreation Area	25
Chamizal National Memorial -	
Visitor Center	350
C & O Canal National Historical Park -	
Rewatering Feasibility Study	100
George Washington Memorial Parkway -	
Interchange Construction Permit EIS	400
Harpers Ferry National Historical Park -	
Replace Interpretive Design Center	330
Indiana Dunes National Lakeshore -	
Coronado Lodge Restoration	260
Jean Lafitte National Historical Park and Preserve -	
Barataria Unit, Wagner Bridge	200
Knife River Indian Villages National Historic Site -	
Visitor Center, Headquarters, and Exhibits	145
Mount Rushmore National Memorial -	
Facilities Expansion	350
New River Gorge National River -	
Development Concept Plans	385
Canyon Rim Development	450
Parkwide Trails Study and Signs	100
Thurmond	400
Rocky Mountain National Park -	
Entrance Station	28
Tuskegee Institute National Historic Site -	
Renovate Historic Buildings	600
Subtotal, Project Planning	6,773
TOTAL, CONSTRUCTION	64,564
LAND ACQUISITION	
Federal Land Acquisition:	
Appalachian National Scenic Trail	5,000
Chattahoochie National River	3,000
Cuyahoga Valley National Recreation Area	5,000
Delaware Water Gap National Recreation Area	1,000
Grant-Kohrs Ranch National Historic Site	600
Haleakala National Park	500
Harpers Ferry National Historical Park	75
Home of Franklin D. Roosevelt National Historic Site	500
Indiana Dunes National Lakeshore	1,000
Manassas National Battlefield Park	2,000
New River Gorge National River	2,000
Olympic National Park	1,000
Pictured Rocks National Lakeshore	200
Rocky Mountain National Park	1,100
Santa Monica Mountains National Recreation Area	1,000
Sleeping Bear Dunes National Lakeshore	2,000

Upper Delaware Scenic and Recreational River	300
Valley Forge National Historical Park	1,250
War in the Pacific National Historical Park	800
Subtotal, Federal Land Acquisition	28,325
State Grants, Assistance to States:	16,567
TOTAL, LAND ACQUISITION	44,892
HISTORIC PRESERVATION FUND	
Grants-in-Aid to States:	23,750
Grant to the National Trust for Historic Preservation	4,500
TOTAL, HISTORIC PRESERVATION FUND	28,250
ILLINOIS AND MICHIGAN CANAL NATIONAL HERITAGE CORRIDOR COMMISSION	
Commission Planning Activities:	250
GRAND TOTAL	165,076

FUNDING BY PARK AREA

Senator BYRD. Over time, some parks will end up with base funding that will dwarf other parks; is that not so?

Mr. MOTT. I think that has always been the case. Yosemite's base budget is much larger than one of the smaller units in the system, and that always has been true.

Senator BYRD. Can you provide for the record an historical base estimate of total funding by park for each of the last 3 years, so that we can determine what the total funding picture is, by park?

Mr. MOTT. Yes; we will be glad to do that.

[The information follows:]

HISTORICAL FUNDING

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
ABRAHAM LINCOLN BIRTHPLACE NHS	278,200	277,000	297,200
ACADIA NP	1,530,000	1,479,000	1,557,900
ADAMS NHS	423,900	410,000	432,000
AGATE FOSSIL BEDS NM	106,800	100,000	107,400
ALLEGHENY PORTAGE RAILROAD NHS	475,200	459,000	636,800
AMERICAN MEMORIAL PARK	79,300	76,000	87,600
AMISTAD NRA	1,115,800	1,077,000	1,131,500
ANDERSONVILLE NHS	487,100	475,000	493,400
ANDREW JOHNSON NHS	255,100	247,000	250,300
ANIAKCHAK NM & PRESERVE	67,300	63,000	101,000
ANTIETAM NB	724,700	657,000	702,800
APOSTLE ISLANDS NL	1,376,100	1,030,000	1,108,000
APPOMATTOX COURT HOUSE NHP	410,900	397,000	423,600
ARCHES NP	327,500	315,000	336,500
ARKANSAS POST NMEM	175,800	168,000	177,100
ASSATEAGUE ISLAND NS	1,331,200	1,285,000	1,364,100
AZTEC RUINS NM	233,000	226,000	237,100
BADLANDS NP	953,900	922,000	965,200
BALTIMORE-WASHINGTON PARKWAY	491,600	378,000	401,500
BANDELIER NM	994,300	959,000	1,010,000
BENT'S OLD FORT NHS	456,800	448,000	462,600
BERING LAND BRIDGE NAT'L PRESERVE ...	227,500	216,000	253,400
BIG BEND NP & RIO GRANDE WILD AND SCENIC RIVER	2,500,700	2,416,000	2,544,900
BIG CYPRESS NATIONAL PRESERVE	819,600	833,000	952,300

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
BIG HOLE NB	161,700	156,000	161,800
BIG SOUTH FORK N RIVER AND RA	752,300	846,000	958,000
BIG THICKET NATIONAL PRESERVE	1,032,400	997,000	1,047,600
BIGHORN CANYON NRA	1,326,200	1,273,000	1,323,500
BISCAYNE NP	1,055,600	984,000	1,036,900
BLACK CANYON OF THE GUNNISON NM	315,000	309,000	329,900
BLUE RIDGE PARKWAY	6,893,000	6,702,000	7,127,700
BOOKER T WASHINGTON NM	255,100	249,000	266,000
BOSTON AFRICAN AMERICAN NHS	110,200	107,000	113,600
BOSTON NHP	3,890,500	3,748,000	3,940,500
BRYCE CANYON NP	1,075,500	1,026,000	1,112,300
BUCK ISLAND REEF NM	113,500	110,000	117,600
BUFFALO NATIONAL RIVER	1,653,100	1,588,000	1,698,300
CABRILLO NM	482,300	470,000	499,400
CANAVERAL NS	749,300	726,000	769,200
CANYON DE CHELLY NM	546,300	527,000	556,300
CANYONLANDS NP	1,855,100	1,798,000	2,060,000
CAPE COD NS	2,055,100	1,993,000	2,103,600
CAPE HATTERAS NS	3,140,000	3,034,000	3,232,100
CAPE KRUSENSTERN NM	96,000	93,000	96,200
CAPE LOOKOUT NS	771,400	745,000	789,000
CAPITOL REEF NP	781,100	761,000	795,000
CAPULIN MOUNTAIN NM	260,100	249,000	263,200
CARL SANDBURG HOME NHS	399,700	390,000	395,800

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
CARLSBAD CAVERNS NP	2,144,200	2,082,000	2,190,900
CASA GRANDE NM AND HOHOKAM PIMPA NM	255,500	237,000	253,300
CASTILLO DE SAN MARCOS NM AND FORT MATANZAS NM	697,000	676,000	724,000
CASTLE CLINTON NM	64,600	62,000	328,200
CATOCTIN MOUNTAIN PARK	1,028,300	928,000	990,600
CEDAR BREAKS NM	166,400	161,000	170,100
CHACO CULTURE NHP	531,300	515,000	541,900
CHAMIZAL NMEM	966,100	932,000	978,200
CHANNEL ISLANDS NP	937,800	955,000	1,052,700
CHATTAHOOCHEE RIVER NRA	1,246,400	1,204,000	1,294,300
CHESAPEAKE AND OHIO CANAL NHP	2,954,600	2,959,000	3,180,300
CHICKAMAUGA/CHATTANOOGA NMP	1,019,400	988,000	1,008,500
CHICKASAW NRA	1,269,400	1,225,000	1,315,100
CHIRICAHUA NM AND FORT BOWIE NHS	454,000	434,000	448,700
CHRISTIANSTED NHS	307,300	297,000	311,800
COLONIAL NHP	2,952,300	2,847,000	3,027,800
COLORADO NM	591,400	569,000	591,100
CONGAREE SWAMP NM	208,900	203,000	215,300
CORONADO NMEM	152,100	166,000	169,800
COULEE DAM NRA	1,681,000	1,653,000	1,716,100
COWPENS NB	215,900	210,000	211,600
CRATER LAKE NP	1,901,100	1,813,000	1,872,900
CRATERS OF THE MOON NM	329,800	319,000	333,500
CUMBERLAND GAP NHP	966,200	936,000	994,100

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
CUMBERLAND ISLAND NS	851,700	825,000	835,400
CURECANTI NRA	979,200	951,000	1,051,200
CUSTER BATTLEFIELD NM	301,500	289,000	306,400
CUYAHOGA VALLEY NRA	2,909,400	2,780,000	2,895,300
DE SOTO NMEM	200,900	194,000	203,600
DEATH VALLEY NM	2,489,300	2,786,000	2,561,700
DELAWARE WATER GAP NRA	3,532,100	3,487,000	3,838,800
DENALI NP AND PRESERVE	4,563,500	4,398,000	4,910,100
DEVILS POSTPILE NM	54,700	54,000	55,900
DEVILS TOWER NM	303,400	294,000	311,500
DINOSAUR NM	1,183,000	1,188,000	1,251,800
EBEY'S LANDING NAT'L HIST PRESERVE	121,500	117,000	122,400
EDGAR ALLEN POE NHS	225,000	214,000	226,100
EDISON NHS	870,800	843,000	927,300
EFFIGY MOUNDS NM	262,800	251,000	268,100
EISENHOWER NHS	637,400	618,000	662,000
EL MALPAIS NM	0	0	0
EL MORRO NM	198,900	192,000	202,200
ELEANOR ROOSEVELT NHS	350,500	337,000	353,600
ELLIS ISLAND	613,000	596,000	3,313,700
EUGENE O'NEILL NHS	126,000	130,000	138,000
EVERGLADES NP	6,423,900	6,185,000	6,558,500
FEDERAL HALL NMEM	275,500	265,000	276,400
FIRE ISLAND NS	1,746,800	1,699,000	1,820,600
FLORISSANT FOSSIL BEDS NM	202,300	195,000	207,300

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
FORD'S THEATRE NHS	352,700	337,000	363,000
FORT CAROLINE NMEM	235,000	231,000	244,200
FORT CLATSOP NMEM	275,500	264,000	278,100
FORT DAVIS NHS	375,600	363,000	382,800
FORT DONELSON NMP	478,100	463,000	469,000
FORT FREDERICA NM	328,400	310,000	324,200
FORT JEFFERSON NM	233,000	225,000	240,600
FORT LARAMIE NHS	493,400	475,000	500,800
FORT LARNED NHS	330,600	315,000	336,300
FORT MCHENRY NM AND HISTORIC SHRINE	664,000	645,000	685,800
FORT NECESSITY NB	450,800	434,000	462,400
FORT POINT NHS	198,200	191,000	204,400
FORT PULASKI NM	466,000	454,000	458,300
FORT RALEIGH NHS	181,600	177,000	189,100
FORT SCOTT NHS	334,800	322,000	356,700
FORT SMITH NHS	237,000	229,000	242,000
FORT STANWIX NM	342,400	332,000	351,700
FORT SUMTER NM	660,900	641,000	699,200
FORT UNION NM	257,100	251,000	265,700
FORT UNION TRADING POST NHS	131,300	125,000	144,100
FORT VANCOUVER NHS	492,500	476,000	496,600
FOSSIL BUTTE NM	117,900	114,000	117,600
FREDERICK LAW OLMSTED NHS	442,400	430,000	452,400
FREDERICKSBURG/SPOTSYLVANIA NMP	1,381,600	1,337,000	1,449,100

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
FRIENDSHIP HILL NHS	229,300	218,000	228,400
GATES OF THE ARCTIC NP AND PRESERVE	752,500	675,000	704,800
GATEWAY NRA	12,056,900	11,197,000	12,021,900
GENERAL GRANT NMEM	95,100	92,000	97,100
GEORGE ROGERS CLARK NHP	338,500	329,000	349,100
GEORGE WASHINGTON BIRTHPLACE NM	529,200	512,000	544,500
GEORGE WASHINGTON CARVER NM	285,800	274,000	291,900
GEORGE WASHINGTON MEMORIAL PKWY	5,617,200	4,888,000	5,199,000
GETTYSBURG NMP	2,268,100	2,184,000	2,313,800
GILA CLIFF DWELLINGS NM	135,600	135,000	140,500
GLACIER BAY NP AND PRESERVE	1,092,400	1,034,000	1,127,400
GLACIER NP	5,420,800	5,230,000	5,432,400
GLEN CANYON NRA	3,602,300	3,447,000	4,624,800
GLORIA DEI CHURCH NHS	22,600	22,000	23,800
GOLDEN GATE NRA	9,395,400	8,604,000	10,216,300
GOLDEN SPIKE NHS	405,000	391,000	414,700
GRAND CANYON NP	7,027,900	6,823,000	7,281,300
GRAND PORTAGE NM	384,700	370,000	394,400
GRAND TETON NP	3,969,100	3,821,000	4,003,800
GRANT-KOHRS RANCH NHS	431,300	417,000	438,000
GREAT BASIN NP	250,800	252,000	269,700
GREAT SAND DUNES NM	387,400	372,000	395,800
GREAT SMOKY MOUNTAINS NP	6,861,800	6,592,000	7,009,100
GREENBELT PARK	461,200	518,000	551,200
GUADALUPE MOUNTAINS NP	758,300	738,000	805,600

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
GUILFORD COURTHOUSE NMP	301,300	292,000	307,200
GULF ISLANDS NS	2,984,000	2,827,000	2,919,500
HALEAKALA NP	836,200	903,000	1,001,800
HAMILTON GRANGE NMEM	67,000	66,000	70,800
HAMPTON NHS	267,900	258,000	276,000
HARPERS FERRY NHP	1,631,000	1,627,000	1,819,800
HARRY S TRUMAN NHS	344,100	343,000	365,500
HAWAII VOLCANOES NP	1,594,700	1,526,000	1,658,100
HERBERT HOOVER NHS	527,600	502,000	532,500
HISTORIC CAMDEN	59,300	0	0
HOME OF FRANKLIN D ROOSEVELT NHS	735,400	708,000	741,000
HOMESTEAD NM OF AMERICA	251,300	240,000	254,100
HOPEWELL FURNACE NHS	459,300	446,000	477,200
HORSESHOE BEND NMP	240,000	234,000	246,400
HOT SPRINGS NP	1,135,900	1,101,000	1,159,000
HOVENWEEP NM	66,900	70,000	74,300
HUBBELL TRADING POST NHS	298,300	288,000	314,000
ICE AGE NST	0	0	60,000
INDEPENDENCE NHP	6,783,000	6,531,000	7,277,900
INDIANA DUNES NL	3,765,900	3,569,000	3,825,100
ISLE ROYALE NP	1,607,500	1,539,000	1,610,300
JEAN LAFITTE NHP AND PRESERVE	1,422,100	1,478,000	1,798,500
JEFFERSON NAT'L EXPANSION MEM NHS	2,892,500	2,777,000	2,910,200
JEWEL CAVE NM	261,800	251,000	270,300

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
JIMMY CARTER NHS	0	0	0
JOHN D ROCKEFELLER JR MEM PKWY	214,700	209,000	222,100
JOHN DAY FOSSIL BEDS NM	415,800	397,000	418,300
JOHN F KENNEDY NHS	86,200	84,000	90,100
JOHN MUIR NHS	225,100	211,000	225,800
JOHNSTOWN FLOOD NMEM	143,900	138,000	145,000
JOSHUA TREE NM	1,378,300	1,289,000	1,375,900
KALAUPAPA NHP	189,300	186,000	217,200
KALOKO-HONOKOHAU NHP	207,200	197,000	206,800
KATMAI NP AND PRESERVE	672,900	643,000	685,700
KENAI FJORDS NP	289,100	277,000	287,700
KENNESAW MOUNTAIN NBP	560,400	542,000	562,500
KINGS MOUNTAIN NMP	350,500	338,000	341,900
KLONDIKE GOLD RUSH NHP	778,600	744,000	775,800
KLONDIKE GOLD RUSH NHP (SEATTLE)	162,500	157,000	165,800
KNIFE RIVER INDIAN VILLAGE NHS	132,100	127,000	137,800
KOBUK VALLEY NP	261,100	314,000	326,300
LAKE CLARK NP AND PRESERVE	671,400	639,000	663,200
LAKE MEAD NRA	5,414,500	5,291,000	5,665,400
LAKE MEREDITH RA AND ALIBATES FLINT QUARRIES NM	1,034,400	998,000	1,049,800
LASSEN VOLCANIC NP	1,860,200	1,809,000	1,909,900
LAVA BEDS NM	573,600	550,000	572,300
LINCOLN BOYHOOD NMEM	406,800	388,000	421,800
LINCOLN HOME NHS	810,000	771,000	813,600

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
LONGFELLOW NHS	295,800	287,000	303,000
LOWELL NHP	2,399,300	2,563,000	2,690,000
LYNDON B JOHNSON NHP	1,549,600	1,498,000	1,574,500
MAGGIE L WALKER NHS	141,300	136,000	143,500
MAMMOTH CAVE NP	2,772,100	2,684,000	2,859,100
MANASSAS NBP	558,200	472,000	506,200
MARTIN LUTHER KING JR NHS	671,900	652,000	688,100
MARTIN VAN BUREN NHS	476,200	461,000	487,000
MESA VERDE NP	2,471,800	2,374,000	2,436,300
MINUTE MAN NHP	860,800	832,000	877,700
MONOCACY NB	20,500	20,000	20,600
MONTEZUMA CASTLE NM AND TUZIGOOT NM	475,100	475,000	507,900
MOORES CREEK NBP	183,800	178,000	179,400
MORRISTOWN NHP	926,600	889,000	935,600
MOUND CITY GROUP NM	280,000	268,000	284,800
MOUNT RAINIER NP	5,206,500	5,003,000	5,196,300
MOUNT RUSHMORE NMEM	826,200	798,000	870,200
MUIR WOODS NM	140,200	135,000	145,100
NATCHEZ TRACE PARKWAY, BRICES CROSSROADS NB AND TUPELO NB	4,799,900	4,604,000	4,839,500
NATIONAL CAPITAL PARKS - CENTRAL	10,696,800	11,311,000	11,872,100
1989 PRESIDENTIAL INAUGURAL (NCP-CENTRAL)	0	0	0
NATIONAL CAPITAL PARKS - EAST	5,515,000	5,128,000	5,481,600
NATURAL BRIDGES NM	191,500	185,000	197,500
NAVAJO NM	291,300	282,000	298,900

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
NEW RIVER GORGE NATIONAL RIVER	583,700	555,000	1,031,600
NEZ PERCE NHP	456,900	443,000	460,600
NINETY SIX NHS	161,700	156,000	158,300
NOATAK NATIONAL PRESERVE	206,600	195,000	203,900
NORTH CASCADES NP, LAKE CHELAN NRA AND ROSS LAKE NRA	2,448,600	2,345,000	2,504,800
OBED WILD AND SCENIC RIVER	136,600	132,000	138,700
OCMULGEE NM	390,700	360,000	364,500
OLYMPIC NP	5,042,600	4,918,000	5,177,500
OREGON CAVES NM	195,000	188,000	185,500
OREGON NHT	14,900	14,000	14,500
ORGAN PIPE CACTUS NM	473,300	474,000	740,900
OZARK NATIONAL SCENIC RIVERWAYS	2,724,700	2,598,000	2,728,300
PADRE ISLAND NS AND PALO ALTO BATTLEFIELD NHS	1,126,800	1,081,000	1,158,900
PEA RIDGE NMP	284,200	274,000	288,100
PECOS NM	244,000	235,000	249,900
PERRY'S VICTORY AND I P MEMORIAL	293,800	281,000	297,000
PETERSBURG NB	883,700	852,000	902,900
PETRIFIED FOREST NP	1,231,200	1,196,000	1,275,700
PICTURED ROCKS NL	831,900	800,000	838,400
PINNACLES NM	648,800	616,000	621,400
PIPE SPRING NM	176,700	171,000	181,900
PIPESTONE NM	295,800	280,000	299,400
PISCATAWAY PARK	315,000	297,000	313,900

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
POINT REYES NS	1,817,200	1,814,000	1,917,700
PRESIDENT'S PARK	803,000	795,000	852,400
1989 PRESIDENTIAL INAUGURAL (PRESIDENT'S PARK)	0	0	0
PRINCE WILLIAM FOREST PARK	1,427,200	1,195,000	1,274,700
PUUHONUA O HONAUNAU NHP	459,600	446,000	480,600
PUUKOHOLA HEIAU NHS	158,300	146,000	158,000
RAINBOW BRIDGE NM	81,200	77,000	81,700
REDWOOD NP	4,627,900	4,400,000	4,665,100
RICHMOND NBP	558,800	537,000	572,300
ROCK CREEK PARK	2,650,500	2,450,000	2,612,100
ROCKY MOUNTAIN NP	4,631,000	4,478,000	4,687,900
ROGER WILLIAMS NMEM	128,700	125,000	150,800
RUSSELL CAVE NM	133,600	129,000	136,800
SAGAMORE HILL NHS	459,300	439,000	462,100
SAGUARO NM	693,500	703,000	862,300
SAINT CROIX ISLAND IHS	43,000	42,000	44,500
SAINT PAUL'S CHURCH NHS	176,000	167,000	171,900
SAINT-GAUDENS NHS	248,900	236,000	289,800
SALEM MARITIME NHS	334,700	330,000	391,200
SALINAS NM	306,300	297,000	314,300
SAN ANTONIO MISSIONS NHP	811,500	781,000	820,800
SAN JUAN ISLAND NHP	216,700	210,000	219,600
SAN JUAN NHS	1,127,900	1,107,000	1,170,100
SANTA MONICA MOUNTAINS NRA	2,081,500	1,725,000	2,050,100

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
SARATOGA NHP	573,300	555,000	609,300
SAUGUS IRON WORKS NHS	388,100	376,000	397,100
SCOTTS BLUFF NM	272,100	260,000	305,400
SEQUOIA NP AND KINGS CANYON NP	6,255,500	5,872,000	6,401,900
SHENANDOAH NP	4,767,500	4,614,000	4,909,300
SHILOH NMP	560,400	545,000	576,000
SITKA NHP	418,500	402,000	416,700
SLEEPING BEAR DUNES NL	1,482,300	1,415,000	1,479,100
SPRINGFIELD ARMORY NHS	420,800	401,000	421,600
ST CROIX NSR AND LOWER ST CROIX NSR	1,200,900	1,147,000	1,223,400
STATUE OF LIBERTY NM	1,441,700	1,392,000	1,466,200
STONES RIVER NB	273,200	265,000	278,700
THADDEUS KOSCIUSZKO NMEM	97,800	95,000	100,100
THEODORE ROOSEVELT BIRTHPLACE NHS	122,400	119,000	125,100
THEODORE ROOSEVELT INAUGURAL NHS	29,700	28,000	79,300
THEODORE ROOSEVELT NP	1,015,200	989,000	1,021,200
THOMAS STONE NHS	3,300	3,000	3,900
TIMPANOGOS CAVE NM	312,400	302,000	321,600
TONTO NM	166,700	150,000	160,100
TUMACACORI NM	186,700	181,000	199,700
TUSKEGEE INSTITUTE NHS	364,600	355,000	348,400
U.S.S. ARIZONA MEMORIAL	948,500	969,000	1,084,600
UPPER DELAWARE SCENIC AND REC RIVER	1,569,700	1,489,000	1,663,000
VALLEY FORGE NHP	2,929,400	2,823,000	3,018,700
VANDERBILT MANSION NHS	662,600	639,000	681,600

ONPS, PARK MANAGEMENT PARK AREAS, REGIONAL AND SERVICEWIDE PROGRAMS AND OTHER ACTIVITIES	FINAL 1985	FINAL 1986	FINAL 1987
VICKSBURG NMP	970,200	936,000	988,300
VIRGIN ISLANDS NP	1,443,300	1,399,000	1,525,000
VOYAGEURS NP	1,335,900	1,269,000	1,456,200
WALNUT CANYON NM	236,000	212,000	220,700
WAR IN THE PACIFIC NHP	216,300	206,000	220,700
WHISKEYTOWN NRA	1,300,600	1,288,000	1,348,300
WHITE HOUSE	2,207,000	2,045,000	2,175,300
WHITE SANDS NM	443,900	429,000	452,700
WHITMAN MISSION NHS	234,100	227,000	238,000
WILLIAM HOWARD TAFT NHS	183,700	177,000	607,300
WILSON'S CREEK NB	388,300	372,000	425,700
WIND CAVE NP	863,000	834,000	862,300
WOLF TRAP FARM PARK	1,935,600	1,744,000	1,854,600
WOMEN'S RIGHTS NHP	231,800	225,000	239,600
WRANGELL-ST ELIAS NP AND PRESERVE	756,300	872,000	946,000
WRIGHT BROTHERS NMEM	252,900	246,000	263,500
WUPATKI NM & SUNSET CRATER NM	600,600	582,000	611,200
YELLOWSTONE NP	13,133,800	12,780,000	13,181,000
YOSEMITE NP	9,696,800	9,181,000	10,651,900
YUCCA HOUSE NM	1,000	1,000	1,000
YUKON-CHARLEY RIVERS NAT'L PRESERVE	235,400	225,000	234,000
ZION NP	1,688,300	1,635,000	1,745,300
TOTAL	365,420,500	351,800,000	381,348,900

HARPERS FERRY RESTORATION

Senator BYRD. Other Senators may have questions in this area. Let me proceed briefly.

I understand that we have spent about $12 million over the years restoring the historic town of Harpers Ferry for the enjoyment of current and future visitors.

I believe that we added $1 million for additional building restoration in the lower town in 1988.

Do you have an estimate of what it would cost and how long it would take to complete the restoration of the lower town?

Mr. MOTT. Mr. Chairman, I would like to have Jack Fish, the regional director, answer that.

Mr. FISH. We took a look at that, Senator, and for the lower town itself, we figured for the next 4 years, $7.2 million in 1989; $2.9 million in 1990, $2.8 million in 1991, and $8 million in 1992 for just the lower town.

There is, as you know, the need for the bus shelter comfort station facility at Cavalier Heights. That road, as you know, has been completed from Cavalier down into town. And the next phase is completion of the 900-car parking facility. Once that is completed, we will have to have some building there to handle visitors, to get them from the parking facility down to the lower town.

Senator BYRD. Have both the road and the parking lot been funded?

Mr. FISH. Yes, sir; both the road and the parking lot. The road is complete, as I mentioned, Senator. There is a little photograph here. But the parking lot is ready to go to bid and would be completed in July 1989. So it is moving right along.

Senator BYRD. What about the visitor contact station?

Mr. FISH. That is what is mentioned. The bus shelter contact station, the comfort station, that is unfunded. Yes, sir; we estimate that for about $1.9 million.

Senator BYRD. Would the Service be able to complete the construction in time to serve park visitors by the summer of 1990 at the Cavalier Heights visitor contact station?

Mr. FISH. Actually, Mr. Chairman, I think we would be ready to serve the visitors in the summer of 1989, weather permitting and so forth, if we get that parking facility complete. We do have planning money and are working on the plans for that visitor contact facility.

But I think that could go in 1989.

Senator BYRD. Would you provide for the record, the phased construction timetable and cost estimates so that the Cavalier Heights project in its entirety would be available for use in 1990 or 1989?

Mr. FISH. Yes, sir.

[The information follows:]

PROPOSED SCHEDULE FOR HARPERS FERRY VISITOR TRANSPORTATION SYSTEM, CAVALIER HEIGHTS

Parking area: Project funded: $2.6 million; design complete: May 15, 1988; construction award: July 15, 1988; and construction complete: July 1, 1989.

Visitor contact facility: Project not funded, current estimate: $1.9 million; design complete: June 30, 1988; construction award: February 15, 1989; and construction complete: December 15, 1989.

ACTIVITIES AT THE CONSERVATION LABORATORY

Senator BYRD. Would you outline for us the types of activities currently being performed at the conservation laboratory, located in the Shipley School in Harpers Ferry, and tell us who is benefited by these activities?

Mr. WRIGHT. I am the manager of Harpers Ferry Center. At the conservation laboratory, we do work on historic artifacts suitable for exhibits in parks. We work on things like the flag at Fort Sumter, things like that.

Senator BYRD. Would you supply for the record more information on that point?

Mr. WRIGHT. Yes, sir.

[The information follows:]

CONSERVATION LABORATORY

"History's Hospital" is how The Washington Post described the Division of Conservation of Harpers Ferry Center located in Shipley School in Harpers Ferry, West Virginia. The staff restores paintings, paper objects, metals, textiles, ceramics, excavated objects, furniture, and ethnographic materials. In fiscal year 1987, the staff treated 850 objects, ensuring their preservation for millions of current and future visitors. Recent conservation projects completed for exhibits in parks include:

Object or Collection Treated	Park and State
Memorabilia of Dr. Martin Luther King, Jr.	Martin Luther King NHS, Georgia
Collections of Franklin Delano Roosevelt	Home of FDR NHS, New York
Collections of Booker T. Washington	Tuskegee NHS, Alabama
Russian furniture, icons, native crafts	Sitka NHS, Alabama
Natural collections, Ericcson materials	Chiricahua NM, Arizona
Drawings by Thomas Moran	Yosemite NP, California
Spa and restorative collections	Hot Springs NP, Arkansas
Indian pottery and baskets	Mesa Verde NP, Colorado
Memorabilia of Frederick Douglass	Frederick Douglass NHS, District of Columbia
Spanish metalwork	Castillo de San Marcos, Florida
World War II materials	War in the Pacific NHP, Guam
Paintings of Hawaii	Hawaii Volcanoes NP, Hawaii
Chief Joseph's coat and Nez Perce objects	Nez Perce NHP, Idaho
Furniture and clothing of Abraham Lincoln	Lincoln Home NHS, Illinois
Nancy Hanks Lincoln's mirror	Lincoln Boyhood NM, Indiana
Prehistoric Indian objects	Effigy Mounds NM, Iowa
Military gear and furnishings	Fort Larned NHS, Kansas
Frontier-oriented objects	Cumberland Gap NHP, Kentucky
Flag of Battle of New Orleans	Jean Lafitte NHP, Louisiana
Original grant (1600's) for Acadia NP	Acadia NP, Maine
Colonel Armistead's uniforms and collections	Fort McHenry NM & HS, Maryland
Prototype military weapons, first M-1 rifle	Springfield Armory NHS, Massachusetts
Lighthouse keeper's memorabilia	Sleeping Bear Dunes NS, Michigan
Fur trade memorabilia	Voyageurs NP, Minnesota
Objects recovered from submerged Cairo	Vicksburg NMP, Mississippi

Courthouse furnishings	Jefferson National Expansion Memorial, Missouri
Buckskin shirt of George Armstrong Custer	Custer Battlefield NM, Montana
Buckskin shirt of Chief Red Cloud	Agate Fossil Beds NM, Nebraska
Natural history specimens	Lake Mead NRA, Nevada
Plaster prototypes of American coins	Saint-Gaudens NHS, New Hampshire
Thomas Edison model for concrete house	Edison NHS, New Jersey
Prehistoric Indian pottery, CCC furniture	Bandelier NM, New Mexico
Armatures and models from Statue of Liberty	Statue of Liberty NM, New York
Memorabilia of Carl Sandburg	Carl Sandburg NHS, North Carolina
Memorabilia of Theodore Roosevelt	Theodore Roosevelt NP, North Dakota
Memorabilia of William Howard Taft	William H. Taft NHS, Ohio
Painting of Crater Lake, CCC furniture	Crater Lake NP, Oregon
Paintings by Stuart, the Peales, Flagg	Independence NHP, Pennsylvania
Spanish armour	San Juan NHS, Puerto Rico
Union surrender and Confederate victory flags	Fort Sumter NM, South Carolina
Borglum models of Mount Rushmore	Mount Rushmore NM, South Dakota
Military objects from Battle of Shiloh	Shiloh NMP, Tennessee
Memorabilia of Lyndon Johnson	Lyndon B. Johnson NHP, Texas
Natural history specimens	Canyonlands NP, Utah
Memorabilia of General Robert E. Lee	Arlington House Mem, Virginia
Town clock, Christiansted, Virgin Islands	Christiansted NHS, Virgin Islands
Memorabilia of Dr. Marcus Whitman	Whitman Mission NHS, Washington
John Brown memorabilia, HF armory objects	Harpers Ferry NHP, West Virginia
Fishing gear	Apostle Islands NL, Wisconsin
Cultural and natural collections	Yellowstone NP, Wyoming

CONDITION OF SHIPLEY SCHOOL

Senator BYRD. Who is benefiting by these activities?

Mr. WRIGHT. All of the parks are benefited by the activities of that conservation center. There are about 500,000 artifacts on exhibit which have to be preserved and protected.

Senator BYRD. Would you describe the condition of the current facility?

Mr. WRIGHT. Currently, the conservation lab is in the Shipley School building, which is a building built about 1912. It is in deteriorated condition, with cracked foundations and walls.

Senator BYRD. Would you speak a little louder?

Mr. WRIGHT. The school building was built in 1912. It is a school building that we lease from the Jefferson County School Board. It is in bad condition. It has deteriorated. The walls, the foundations, are cracked. We have had pieces fall off of the cornices. We have about a 4-foot fence around it to protect people from being injured.

Senator BYRD. Has it been condemned?

Mr. WRIGHT. It was not condemned. But the General Services Administration, about 1979, told us to shut it down until we made some repairs on it. We took people out of it for several months and we found a radon problem there in 1986, but we have got that under control now.

Senator BYRD. Has it been condemned by the Jefferson County School Board?

Mr. WRIGHT. No, sir; not to my knowledge.

RADON GAS

Senator BYRD. How did you bring the radon problem under control?

Mr. WRIGHT. We found where the radon gases were seeping into the building underneath the stairs and so forth. We sealed that off and put exhaust fans in there, and they run continuously to exhaust the radon gas out of the building.

Senator BYRD. Have you detected radon gas in any other buildings in the area?

Mr. WRIGHT. I have talked with the superintendent yesterday. There is radon gas in quite a few of the buildings in the park.

Senator BYRD. To what degree?

Mr. WRIGHT. I can't speak for the park itself, but the normal radon levels for occupancy for home purposes are 4 picocuries per liter. That is for a person occupying a home 24 hours a day. We found in the Shipley School building that we had radon concentrations of 28 picocuries per liter, but we have gotten them down now to where they are reasonable.

Senator BYRD. How did you get them down?

Mr. WRIGHT. We put exhaust fans in to take the gas out where it was seeping into the building, and exhaust it into the atmosphere.

PRESERVATION OF ARTIFACTS

Mr. MOTT. Mr. Chairman, on this question of conservation, we think it is very important to understand that when the National Park Service takes over an area like the Thomas Edison Laboratories or the Frederick Law Olmsted offices, that we are responsible then to preserve those artifacts such as notes and sketches and materials that are in that structure or in that laboratory, forever.

This whole conservation program is central to the National Park Service's operation. It is carrying out its mandate to preserve those artifacts forever, because Thomas Edison didn't. When he made all his sketches and notes, he didn't put it on acid-proof paper. He didn't assume that it was going to last forever. But we have that responsibility.

I think the work that is being done at Harpers Ferry is very, very special and it is very unique, and they are doing an outstanding job of preserving those artifacts. We have something like 26 million artifacts within the National Park Service that have to be conserved and preserved.

REPLACEMENT OF CONSERVATION LABORATORY

Senator BYRD. I understand the Service has begun the planning to replace the current facility, using funds provided in fiscal 1988. Is that facility ready for construction in 1989?

Mr. WRIGHT. No, sir; we would like to be able to take a look at these figures that we have come up with on the replacement of that building. I don't think it will be ready in 1989, but we would be ready at a later date.

Senator BYRD. What is your current estimate of the cost?

Mr. WRIGHT. I would again like to take a look at the figures we have. I would like to supply those later if I could, sir.

[The information follows:]

SHIPLEY SCHOOL REPLACEMENT

The preliminary cost estimate for replacing the facilities at Shipley School are based upon the earliest stages of planning. The Shipley School will be acquired with funds provided in fiscal year 1988. Planning and preliminary design for the replacement facility will be completed with funds provided in fiscal year 1988. Interim space will be necessary to house the conservation labs while the Shipley School site is under construction. The class C estimate, which is based on the costs of repairing or constructing similar facilities and not on engineering studies, for the replacement of the Shipley School facilities currently is $8 million.

NEW RIVER GORGE NATIONAL RIVER

Senator BYRD. In your view, is a new facility needed, or can the Service continue to use the existing building indefinitely?

Mr. WRIGHT. We should get out of that building because it is an unsafe building, plus the fact that we do house these artifacts. We have Lincoln's furniture in there right now which we are working on getting ready. I am concerned about the security standpoint and also the fire hazard standpoint.

Senator BYRD. The budget request for operating the New River Gorge is reduced significantly from the 1988 appropriations to date, even though the Service's 1989 operating budget is increased slightly over 1988 at the national level. How would you justify that, Mr. Mott, in view of the fact that this is a relatively new park unit, and one, the budget of which has not yet stabilized, but one whose budget needs to increase each year for a few more years?

Mr. MOTT. Mr. Chairman, the reason that the 1989 budget shows that decrease is that there were several items that were added on to our 1988 budget that we did not include in our 1989 budget. This was not just on New River Gorge. It applies to units throughout the system.

The addons have not been renewed in our 1989 budget. In connection with the New River Gorge, it was $300,000 added on to the budget in 1988. There was the New River Gorge Parkway Commission support in the amount of $60,000 and the black fly monitoring at $100,000. So these addons are not included in our 1989 budget.

We do feel that we can, within our budget in 1989, handle the monitoring of the black fly. As you know, the State did not do the spraying this past year because of their budget constraints, and we feel that we can continue with that monitoring program within the budget that we now have. So the reason for the decrease is the elimination of those addons.

Senator BYRD. The park stretches about 50 miles along the New River. In 1987, the Park Service operated the park with about 20 full-time equivalent staff people. We increased that number to 27 in 1988, but the budget proposes to reduce it to about 21.

Do you really expect to be able to manage the park, including the construction and maintenance of hiking trails, the stabilization of fragile and historic resources, such as beehive coke ovens, and maintaining the health and safety of the users of the New River, with a staff that averages less than one person for every 2 miles of river?

Mr. MOTT. Mr. Chairman, because of the fiscal constraints, in order to be conscious of the deficit of the Federal Government, obviously our budgets are trim and slim. In all units of the National Park Service, probably we could do with additional funding, but we have to live within those constraints. And New River Gorge is no different than some of our other parks.

I have been to New River Gorge. I understand exactly what you are saying. There is no question that the protection of some of the historic buildings and structures at New River Gorge are going to require high maintenance costs and additional personnel to carry out that work, but within the constraints that we have to operate under in order to erase the deficit, those moneys are not available.

DEVELOPMENT PLAN—NEW RIVER GORGE

Senator BYRD. What staffing level will be needed when the park development plan is completed?

Mr. MOTT. Jim, could you answer that?

Mr. COLEMAN. We anticipate, Mr. Chairman, that upon the completion of the ultimate program and the land acquisition, we could use an additional 55 FTE's and about $2.7 million in operating funds.

Senator BYRD. Say that again?

Mr. COLEMAN. Yes, sir.

An additional 55 FTE's, full-time equivalents, and $2.7 million in operating funds.

Senator BYRD. When do you anticipate that the park will be fully developed?

Mr. COLEMAN. That would depend upon funding.

Senator BYRD. What is your projection?

Mr. MOTT. I think it depends, Mr. Chairman, on how funds are made available to the National Park Service for that purpose. Under the present constraints, that kind of completion work is very difficult to determine.

Mr. COLEMAN. Mr. Chairman, if money were available, if money were no object, we could probably develop the park in about 5 years.

Senator BYRD. Under your present funding levels, do you have plans to complete the park? And, if so, what do you project as the timeframe?

Mr. COLEMAN. Under this year's budget request, there aren't any plans at this time.

Mr. MOTT. Within the present budget that we have, we are not anticipating any major development of any sort, so that we are just maintaining the status quo.

ONGOING CONSTRUCTION

Mr. GALVIN. Mr. Chairman, there have in previous years, however, been development costs added on by the Congress, and they are underway. The visitor center at Glen Jean has been planned and is ready to go to construction. I believe we are doing the planning for the Canyon Rim development as well.

Senator BYRD. The Congress provided $4.1 million in construction funding in 1988 for New River Gorge, including $2 million to complete construction of the park headquarters at Glen Jean; $500,000 for emergency stabilization at the Kaymoor mine site; $300,000 for additional trails development; $450,000 to plan a permanent visitor center at Canyon Rim; $485,000 for planning additional development projects; and $400,000 for planning at the historic town of Thurmond.

However, the budget proposes no new construction funding in 1989 for New River Gorge. How does the Service expect to serve the public at Canyon Rim unless it completes a permanent facility there in the next few years?

Mr. GALVIN. Mr. Chairman, as I mentioned, we have planning underway for that, but given the level of the construction budget and the number of projects, the four projects that deal with either water safety or electrical systems, we were unable to request additional funds to continue the Canyon Rim development in this budget.

Senator BYRD. Would you supply for the record the cost figures that would be required to proceed with completion of the plan within the next 5 years?

Mr. COLEMAN. Yes, sir, Mr. Chairman.

[The information follows:]

NEW RIVER GORGE NATIONAL RIVER
FIVE YEAR PARK DEVELOPMENT PROGRAM
FINANCIAL SUMMARY

FISCAL YEAR	ADVANCE PLANNING	PROJECT PLANNING	CONSTRUCTION	TOTALS
1988	$1,111,000	$ 162,000	$ 5,430,000*	$ 6,703,000
1989	$2,000,000	$ 708,000	$ 4,500,000	$ 7,208,000
1990	$1,435,000	$ 750,000	$ 5,865,000	$ 8,050,000
1991	$ 875,000	$ 685,000	$ 6,580,000	$ 8,340,000
1992	$ 970,000	$ 835,000	$ 7,150,000	$ 8,955,000
	$6,391,000	$3,340,000	$29,525,000	$39,256,000

* Includes $2,600,000 from FY 1987 appropriation.

Footnotes: (1) All dollars on the summary and five-year plan are shown as gross amounts.

(2) Interpretive prospectus activities are covered under advance planning column. Harpers Ferry design and construction costs are included in the three columns.

(3) Design and construction projects beyond FY 1989 must be re-evaluated and updated on a regular basis.

(4) Dollar figures in years beyond FY 1989 are subject to revisions as development concept plans are completed.

(This multi-year program could be accomplished if funds are made available to the National Park Service)

NEW RIVER GORGE NATIONAL RIVER AND OTHER WEST VIRGINIA PROJECTS
FIVE YEAR PARK DEVELOPMENT PROGRAM
MARCH 1988, DENVER SERVICE CENTER

FISCAL YEAR	ADVANCE PLANNING	PROJECT PLANNING	CONSTRUCTION
1988	$100,000 - Parkwide Development Concept Plans (begin Kaymoor, Cunard, Camp Brookside, Stone Cliff, Glade Creek, Hinton) $110,000 - Thurmond (begin Phase I DCP and HAER work) $100,000 - Parkwide Trails and Signs Studies (do studies, design work for trails) $360,000 - Canyon Rim Development (begin) $ 18,000 - Canyon Rim Development Concept Plan (complete) $ 25,000 - Headquarters Development (Glen Jean) (complete NSR)	$162,000 - Headquarters Development (complete)	$300,000 - Parkwide Trails and Signs (begin Phase I) $2,600,000 - Headquarters Development (begin Phase I; money from FY 1987) $2,000,000 - Headquarters Development (begin Phase II, pending design changes) $500,000 - Kaymour Emergency Stabilizations (project not currently assigned to DSC) $ 30,000 - Canyon Rim Test Well (WASO - Ft. Collins)
	$ 53,000 - Prince-Quinnimont Development Concept Plan (complete) $ 38,000 - Sandstone Development Concept Plan (continues) $ 25,000 - Land Protection Plan/Landscape Assessment (begin) $ 70,000 - New River Parkway Assistance (begin) ($60 to P. Authority, $10 to DSC) $ 12,000 - Coalways Study (begin) $ 80,000 - West Virginia Resource Assessment (begin) $ 60,000 - Stonewall Jackson Reconnaissance Survey (begin, complete) $ 60,000 - Bienneriassett Island Reconnaissance Survey (begin, complete)		

FISCAL YEAR	ADVANCE PLANNING	PROJECT PLANNING	CONSTRUCTION
1989	$200,000 - Parkwide Development Concept Plans (complete Cunard, Kaymoor, Stone Cliff; continue Camp Brookside, Glade Creek, Hinton)		
	$290,000 - Thurmond (continue Phase I)		
	$ 90,000 - Canyon Rim Development (complete)	$428,000 - Canyon Rim Development (begin, complete)	$3,750,000 - Canyon Rim (begin)
	$280,000 - Cunard (begin, complete)	$100,000 - Cunard (begin)	
		$ 85,000 - Thurmond Emergency Stabilization (begin, complete)	$ 750,000 - Thurmond Emergency Stabilization (begin)
	$180,000 - River Access (begin, complete)	$ 70,000 - River Access (begin)	
	$160,000 - Sandstone (begin, complete Phase I)	$ 25,000 - Sandstone (begin Phase I)	
	$100,000 - Glade Creek (begin)		
	$180,000 - Kaymoor (begin Phase II)		
	$140,000 - McCreery Area Access (begin)		
	$ 30,000 - Sandstone Development Concept Plan (complete)		
	$110,000 - New River Parkway Assistance ($25 to MAR, $25 to DSC, $60 to P. Authority) (continues)		
	$160,000 - West Virginia Resource Assessment (continue)		
	$ 5,000 - Land Protection Plan/Landscape Assessment (complete)		
	$ 75,000 - Coalways Study (continue)		
1990	$ 40,000 - Glade Creek (complete)	$ 90,000 - Glade Creek (begin, complete)	$765,000 - Glade Creek (begin)
	$ 45,000 - Kaymoor (complete Phase II)	$150,000 - Kaymoor (continue Phase II)	
	$ 40,000 - McCreery Area Access (complete)	$ 80,000 - McCreery Area Access (begin)	
		$180,000 - Cunard (complete)	$2,425,000 - Cunard (begin)
		$110,000 - River Access (complete)	$1,550,000 - River Access (begin)
		$ 70,000 - Sandstone (complete Phase I)	$825,000 - Sandstone (begin Phase I)
	$ 85,000 - Parkwide Development Concept Plans (complete)		
	$130,000 - Parkwide Trails and Signs (begin, complete Phases II and III)	$ 40,000 - Parkwide Trails and Signs (begin, complete Phase II)	$300,000 - Parkwide Trails and Signs (begin Phase II)
	$330,000 - Sandstone (begin, complete Phase II)	$ 30,000 - Sandstone (begin Phase II)	

FISCAL YEAR	ADVANCE PLANNING	PROJECT PLANNING	CONSTRUCTION
1990 (cont.)	$115,000 - Meadow Creek (begin, complete) $400,000 - Thurmond (continue Phase I) $ 65,000 - West Virginia Resource Assessment (complete) $110,000 - New River Parkway Assistance ($60 to P. Authority, $25 to MAR, $25 to DSC) (continues) $ 75,000 - Coalways Study (complete)		
1991	$275,000 - Thurmond (complete Phase I) $285,000 - Parkwide Roads (begin, complete Phase I) $100,000 - Grandview Sandbar (begin) $ 50,000 - Camp Prince (begin) $ 75,000 - Thurmond (begin Phase II) $ 90,000 - New River Parkway Assistance (continues) ($60 to P. Authority, $15 to MAR, $15 to DSC)	$ 75,000 - Kaymoor (complete Phase II) $100,000 - McCreery Area Access (complete) $350,000 - Thurmond (begin Phase I) $255,000 - Sandstone (complete Phase II) $ 75,000 - Meadow Creek (begin, complete) $ 30,000 - Parkwide Trails and Signs (begin Phase III)	$1,965,000 - Kaymoor (begin Phase II) $1,550,000 - McCreery Area Access (begin) $2,475,000 - Sandstone (begin Phase II) $ 590,000 - Meadow Creek (begin)
1992	$110,000 - Grandview Sandbar (complete) $ 65,000 - Camp Prince (complete) $300,000 - Thurmond (complete Phase II) $150,000 - Parkwide Roads (begin Phase II) $150,000 - McKendree Road (begin) $ 75,000 - Camp Brookside (begin) $ 40,000 - Parkwide Trails and Signs (begin Phase IV) $ 80,000 - New River Parkway Assistance ($60 to P. Authority, $10 to MAR, $10 to DSC) (continues)	$425,000 - Thurmond (complete Phase I) $ 15,000 - Parkwide Trails and Signs (complete Phase III) $200,000 - Parkwide Roads (begin Phase I) $100,000 - Grandview Sandbar (begin) $ 45,000 - Camp Prince (begin) $ 50,000 - Thurmond (begin Phase II)	$6,750,000 - Thurmond (begin Phase I) $400,000 - Parkwide Trails and Signs (begin Phase III)

CANYON RIM FACILITY

Senator BYRD. The Service's management for the New River contemplates construction of such a facility.

What is your current estimate of this cost?

Mr. COLEMAN. The facility at Canyon Rim?

Senator BYRD. Yes.

Mr. COLEMAN. About $4.1 million.

LAND ACQUISITION AT NEW RIVER GORGE NATIONAL RIVER

Senator BYRD. What progress is the Service experiencing in the land acquisition program at New River Gorge?

Mr. COLEMAN. Mr. Chairman, to date we have acquired some 15,800 acres of land and we have obligated $9.4 million. There remains of the money that has been allocated to us, about $7 million. We are, at the present time, in negotiation with landowners for acreage. Should those negotiations be consummated, we would spend the rest of the $7 million.

Senator BYRD. Do you believe you would be able to complete all the land acquisition called for in the plans if the funds had been appropriated to date?

Mr. COLEMAN. No, sir.

We estimate that there are approximately 200 tracts and another 25,000 acres that the plan calls for to be acquired that eventually will cost about $27 million. That is $27 million more.

Senator BYRD. The park has been established for 10 years, and yet does not own a public access area where visitors may launch their own raft or canoe. Yet the Service proposes no new funding for land acquisition at New River.

INCREASED COST OF OFFICE SPACE

The budget proposes an increase of $1.5 million for rental payments to General Services Administration for office space. Do you think we should cut back on office space and use those savings to pay for land acquisition?

Mr. GALVIN. Mr. Chairman, the increase in the office space is a part of our categorical increase in fixed costs. It results from office space throughout the Nation. We have GSA leases on regional offices and other facilities across the country.

It is not a result of increase in office space. It is simply a result of increases in costs in existing space, so that money really is not available and would simply result in a reduction in bills, rather than an ability to reprogram that money to other construction needs.

Senator BYRD. I believe I have exhausted my time and perhaps the patience of some of the other members.

I understand that Senator DeConcini must leave soon to chair another hearing. I was going to call on Senator McClure.

Senator MCCLURE. I would be happy to defer to Senator DeConcini.

EMPLOYEE HOUSING

Senator DECONCINI. Mr. Chairman, thank you. And, Senator McClure, thank you. I appreciate it. I am not going to ask a lot of questions here; but the subcommittee I chair is meeting at 9:30.

I just would like to address you, Mr. Mott. The reports you have done on employee housing are most impressive, and I am delighted to see the Park Service formulate a comprehensive proposal. I compliment you and your people for putting this together.

First of all, it is long overdue and something that really needs to be looked at. Can you briefly explain the NPS housing initiative contained in the documents prepared by the Park Service?

Mr. MOTT. Yes.

In going around, visiting the various units of the park system, it was very obvious to me that we needed to do something to provide housing for our people. In many cases, the housing that we have in national parks is in relatively bad condition.

So we went forward with this housing study to find out exactly what the situation is. The figures in the report indicate that as a percentage of all housing; seasonal housing, for example, 11 percent is in poor shape. And when I say poor shape, it doesn't mean codes; they are old antiquated trailers that were second-hand when we got them, that are now falling apart, that we are asking seasonal employees to live in.

We have about 13 percent of our housing for seasonal employees that is good; we have about 20 percent that is fair. With regard to permanent housing, 8 percent is in poor shape, 23 percent is fair, and 24 percent is in good condition. In order to bring our housing up to code, which will provide reasonably good housing for both seasonal and permanent personnel, it is going to cost about $267 million to accomplish that objective.

Right now, we are spending considerably more money, almost twice the amount of money for the maintenance of our housing facilities, simply because of the poor condition, than we are receiving in rent. If we get our housing in first-class condition, it is our estimate that we will receive more rent than we are spending in repair and rehabilitation of the existing structures. So we think it is good business to gradually get the housing of the National Park Service in first-class condition.

Senator DECONCINI. Mr. Mott, I see no mention of the employee housing program in the fiscal year 1989 budget justification. Can you tell me what happened to the Park Service proposal?

Mr. MOTT. We asked for $20 million to enhance our rehabilitation and repair and the acquisition of new housing, but that money was removed from our budget, so we cannot go forward with that.

Senator DECONCINI. Mr. Chairman, I am going to submit the balance of my questions. Thank you for your indulgence, Senator McClure.

I would like to ask, Mr. Chairman, that this NPS employee housing report be made part of the record so that members and our staff can see the inadequate housing for our park employees. Perhaps this committee would consider some earmark for housing in fiscal year 1989. I

know that probably is termed pork today, but it seems to me we ought to do some pork for the Federal employees that work in our parks around the country to provide better housing than this.

This is as bad as any slum area, in my judgment, that I have seen in many places.

Thank you, Mr. Chairman.

Senator BYRD. Without objection, the report will be included in the record.

Senator DECONCINI. And the balance of my questions, Mr. Chairman.

Senator BYRD. Without objection, the balance of your questions will be included at the appropriate place in the record, together with responses.

[The information follows:]

EMPLOYEE HOUSING INITIATIVE

NATIONAL PARK SERVICE

FEBRUARY 1988

ACTION NEEDED

This study is in response to the October 1986 Conference Report accompanying the 1987 Interior and Related Agencies appropriation bill, that requested the National Park Service to complete a housing study and to make recommendations to the Committees.

To determine the housing needs of the National Park Service, all park managers have reviewed their housing requirements, and each has prepared a Housing Management Plan. Instructions and criteria for preparing these plans were developed with assistance from the Department. The housing plans were reviewed and approved by the Service's regional directors. In reviewing the housing needs of the Service, we found that some areas have obsolete and/or surplus housing units, but in many other areas the Service should replace trailers, rehabilitate existing housing, and build additional housing, both permanent and seasonal.

The condition of the Service's housing can be summarized as follows:

- One percent is in excellent condition
- Thirty-seven percent is in good condition
- Forty-three percent is in fair condition
- Nineteen percent is in poor condition
- A little less than one percent is beyond repair

These terms are defined later in this paper.

Government housing is an administrative and management tool of the National Park Service. It allows the Service to provide accommodations for its permanent and seasonal employees so that they can economically and efficiently provide park visitors with necessary services, and supply an adequate level of protection for natural and cultural resources and government property. Park managers need adequate employee housing, in good condition and well-maintained, to house skilled permanent and seasonal employees who can perform these necessary duties. Many areas of the Service are remote and accessible for visitor enjoyment for only a few months each year. The work force must be increased substantially to accommodate a large number of visitors who arrive in the park during the peak period of visitation. Housing outside and nearby the park is usually not available. In order to house the necessary seasonal staff, housing is a must in most park areas.

The rental income generated from park housing does not cover costs in many areas because of rent adjustments for isolation, the deteriorated condition of the unit, and the short seasonal use. Units are costly to maintain because of isolated locations and short occupancy periods. The Service thus faces this situation: Housing is needed because parks are remote, yet it costs more for the same reason, but permissible rents are lower, again because of remoteness.

Housing is a long-term investment for the Service. It should build and maintain reasonable, not ostentatious, employee housing. Quality, energy-efficient structures cost less to maintain. The condition of employee housing has a significant impact on both the morale and productivity of the work force.

In some areas, and under certain conditions, alternatives to government-supplied housing may be practicable. Such alternatives would permit employees to build equity, take advantage of tax savings, and relieve superintendents of the necessity of acting as a landlord. The Department is conducting a study across bureau lines to determine the costs and benefits of this approach. Where such alternatives prove to be economically and legally feasible, the National Park Service will move in that direction. Most government-supplied housing will likely be needed in many areas for the foreseeable future.

BACKGROUND

The National Park System cannot function for now without employee housing. Such housing is still needed if the National Park Service is to accomplish the goals and objectives as defined in the August 25, 1916, act establishing the Service, "which purpose is to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

In addition to the employees of the National Park Service, housing is needed in certain areas for schoolteachers, medical staff, magistrates, concession employees, and the other support staff. Many parks are like small communities and have similar housing needs, but have no private housing market available.

Employee housing originated with the management of military housing facilities in the remotely located natural areas that became the National Park System in 1916. Since then the park system has grown to over 300 areas, including natural parks, historic areas, monuments, recreation areas, seashores, parkways, and other types of national resources and treasures. They are located in remote areas, isolated islands, and in small towns, as well as large metropolitan areas. These all have different employee housing needs. Today the housing inventory of the National Park Service numbers over 5,000 and includes a diversity of housing units ranging from standard-style family homes and apartments to houseboats, tents, cabins, and trailers. In 1986, the Service housed approximately 28 percent of its permanent employees (3,322) and 54 percent of its seasonal employees (4,590) in government furnished housing.

The legislation of August 25, 1916 (39 Stat.55), establishing the National Park Service, assigned the Service a unique role (see appendix C). It is the agency responsible for the preservation of irreplaceable resources, and it must also welcome to the National Park System vacationing Americans and international visitors. To provide for these visitors, the Service manages vacation complexes the size of small cities, while at the same time it safeguards the finest scenery, geological wonders, ecosystems, and historic treasures of the nation. The use of the National Park System and its park areas has grown along with an expanding population, changing life-styles, higher incomes, easier mobility for society as a whole, and more time for recreational pursuits. Visitation will exceed 350 million in 1989.

Public Law 88-459 (5 U.S.C. 5911), the Federal Employees Quarters and Facilities Act, authorizes government agencies to provide housing and related facilities to their employees only where it is determined by the agency head that necessary service or protection (resource and visitors) cannot otherwise be rendered, or that inadequate housing exists in the surrounding community. As required by PL 88-459 employees must pay a fair and equitable rent, based on the rents charged in the nearest established community. Because parks are not exactly like any community, administrative adjustments (negative and positive) are made to the rental rate to compensate employees for factors such as isolation or lack of privacy.

Section 5 U.S.C. 5536 prohibits the establishment of low rents or other charges as an inducement in the recruitment or retention of employees, or to encourage the occupancy of existing housing. Such actions would constitute additional pay or allowance, which are prohibited unless specifically authorized by law. The Service complies with this provision through careful establishment and review of rental rates.

The Office of Management and Budget (OMB) has issued several management circulars implementing legislation affecting the housing program. These are as follows:

> OMB Circular A-18 sets forth policies for budgeting, planning, and construction of federally owned housing for use in conjunction with Departmental program activities.

OMB Circular A-25, as revised September 23, 1959, establishes a policy for developing a uniform and equitable system of charges for certain government services and property. The provisions of OMB Circular A-25 require a fair market value return to the government whenever housing is rented for revenue purposes to the general public pending future official use or disposal action.

OMB Circular A-45, as revised March 28, 1984, establishes the guidelines and procedures to be used in establishing housing rental rates and charges for related services supplied to tenants, except rentals to the public for revenue purposes.

The last major thrust to improve park housing was the MISSION 66 program. This 10-year capital investment program, completed in fiscal year 1966, funded desperately needed housing. However, these houses—because of their present age and construction costs—have in many cases outlived their usefulness. In addition, over the last 20 years, society, the National Park System, and the needs and requirements of park visitors have changed. The Service now needs housing that is designed differently to accommodate the changes in society that have also affected NPS employees, e.g., larger families as a result of second marriages and single heads of households as a result of the increase in the divorce rate. Park employees today need units that provide for storage of their equipment and supplies and that also provide common use space to meet the demands of their growing families.

The Service's housing is old and has deteriorated. Older housing is more costly to maintain, and maintenance costs are continuing to escalate as a result of deterioration.

EXISTING CONDITIONS

Many NPS employees are living in substandard housing. The Service strives to employ individuals with the highest skills so that they can perform their duties in a professional manner, but housing is more and more a concern of employees and rightfully so. Housing is important because many park areas are isolated, winters are long, and much of the employees' and their families' free time has to be spent inside. The Service has found it impossible to provide quality housing or to maintain housing at an acceptable standard, as demonstrated by the housing inventory. That inventory classified housing into the following groups based on the condition of the interior and exterior of each unit.

EXCELLENT: Both exterior and interior aspects of the housing are in a like new (or better) condition and appearance. All mechanical and structural aspects are without obvious/known defects.

GOOD: The housing unit is structurally sound and mechanically functional, but may need minor routine maintenance or repairs. Examples: Touch-up painting needed, small tears in screens, dripping faucets or other items requiring minimum disruption to the occupant and minimum expense to correct.

FAIR: Any of the above, plus early signs of reversible deterioration are evident. Functional, but outdated fixtures and/or appliances (range/refrigerator, furnace) are still in use. Other examples: Worn and/or stained floor coverings, scratched, gouged, or soiled wall coverings, minor foundation cracks, interior and exterior painting needed.

POOR: Any of the above, plus structural integrity is marginal. Major repairs are needed for continued human habitation. Health and/or safety standards for occupants may be questionable. Examples: Leaking roof, exterior siding allows the elements to attack the interior structure, flue tiles cracked or missing, mechanical systems inadequate, warped floors, cracked foundations and loose siding allows entrance of rodents, insects, and weather.

OBSOLETE: Usually beyond economic rehabilitation. These housing units should be vacated and removed immediately. Health and/or safety violations are evident. (Obsolete units are first priority for replacement construction.)

Based on these categories, the Service's existing housing stock is as follows: Less than 1 percent is in excellent condition, 37 percent is in good condition, 43 percent is in fair condition, 19 percent is in poor condition, and less than 1 percent is in obsolete condition. Of the existing housing stock, 937 units should be eliminated as unnecessary and/or obsolete.

NEW HOUSING REQUIREMENTS

The National Park Service's concern with the growing cost of housing maintenance, emphasized by frequent employee/tenant complaints, led to management's initial determination to review all housing and to develop an effective management program. In addition to the Housing Management Plan completed by each park manager, a summary sheet was prepared that identifies by rent class the housing needs of each park unit. Many park areas have particular housing design requirements. For example, in Alaska and other areas with heavy snows and long winters, housing with supplemental storage areas is needed to stow rescue equipment and supplies used by employees, as well as their personal belongings, such as snowmobiles and boats. The consensus Servicewide is that: Better housing, including seasonal housing, is a top priority. If alternatives prove impractical, the Service would have to spend $267.5 million in 1988 dollars to satisfy the housing needs identified through the inventory.

The following needs are documented from the Housing Management Plans:

PROJECTED PERMANENT HOUSING NEEDS

	Present Inventory	No. to be Removed	No. to be Added	Proposed Inventory	Difference
Houses (1-4 bedrooms)	1,911	88	373	2,196	+285
Apts. (eff.-3 bedrooms)	434	14	244	664	+230
Cabins/Dorms	133	3	4	134	+1
Tents/Trailers/Pads	362	152	0	210	-152
Total	2,840	257	621	3,204	+364

PROJECTED SEASONAL HOUSING NEEDS

	Present Inventory	No. to be Removed	No. to be Added	Proposed Inventory	Difference
Houses (1-4 bedrooms)	385	48	131	468	+83
Apts. (eff.-3 bedrooms)	610	58	571	1,123	+513
Cabins/Dorms	542	55	89	576	+34
Tents/Trailers/Pads	693	519	18	192	-501
Total	2,230	680	809	2,359	+129

Construction costs are higher for NPS housing than for private sector housing. Appendix B explains the factors which increase the cost of park housing.

MAINTENANCE

The National Park Service has spent much more on the maintenance of housing than it has received as income from the rental rates collected. Generally, rental income covers about 60 percent of the cost of maintenance. Each year other appropriated funds have been used to maintain, improve, and/or upgrade park

housing. Because of the nature of the funding, many of these improvements have been short term and have not resulted in good quality, easily maintained housing.

Ther Service expends over $13 million annually on maintenance and operation of the 5,070 housing units. Maintenance of housing has been costly to the Service for many reasons: Aging substandard stock, isolated areas, and seasonal use are major factors. The MISSION 66 houses, built between 20-30 years ago, were a good investment, but they have deteriorated and are now costly to maintain. Trailers used as housing are costly to operate and maintain, but were purchased because no other housing was available. Because of maintenance costs and the deteriorating condition of trailers, the Service decided in 1984 that no new trailers would be purchased for permanent or long-term seasonal housing. Trailers are still being used throughout the National Park System to house both permanent and seasonal employees as a matter of necessity.

Rental income is applied directly for the funding of housing maintenance and operation in accordance with Section 320 of Public Law 98-473, approved October 12, 1984.

> Sec. 320. Notwithstanding Title 5 of the United States Code or any other provision of law, after September 30, 1984, rents and charges collected by payroll deduction or otherwise for the use of occupancy of quarters of agencies funded by this Act shall thereafter be deposited in a special fund in each agency, to remain available until expended, for the maintenance and operation of the quarters of that agency: Provided, That for the fiscal year ending September 30, 1985, and each fiscal year thereafter, such amounts as may be collected may be expended in the agency unit or subunit (e.g., Park, refuge, hatchery, Forest, Agency office, School, Service unit, hospital, clinic, etc.) where the funds are collected: Provided further, That up to 10 per centum of funds collected in such unit may be transferred to another unit within the same agency.

In 1988, the Service estimates that it will collect approximately $8 million in rents. If housing units are put in good condition, rents would increase. But the program is unlikely to ever recover all its costs. It is, instead, a component of managing the parks. The costs of fixing the housing would be incurred "up front" while the benefits—higher rents, lower maintenance—would come later. Interest costs will push the cost/benefit ratio into the red.

A major purpose of this document is to document the need to replace trailers and substandard housing in the National Park System. Housing is located where severe weather conditions exist, and we must have quality construction to reduce maintenance costs of any future housing.

OPTIONS AND RECOMMENDATIONS

OPTIONS

By law, the National Park Service is directed to perpetuate those areas in the System for this and future generations. To accomplish this goal, employee housing must be well-designed and properly constructed. Safe and decent housing, where it is a necessity, must be provided for employees.

An alternative to government furnished housing is to turn to the private sector. Such an approach could offer a number of benefits—employee equity and tax savings, reduced costs, and the elimination of company towns.

Both options have drawbacks. If the government supplies the housing, costs go up; employees do not build equity, and superintendents must manage the housing--never an easy task. But the alternative—turning to the private sector—may pose even more problems in the short-run. Some type of subsidy—a cost—will be needed in most situations. Employees may be unable to afford the houses, or they may have to be relocated away from the parks—defeating the purpose of employee housing. Unique or innovative arrangements of resolving these problems

could result in large federal costs if these arrangements fail to work as anticipated.

RECOMMENDATIONS

In the short-run, the Service believes that it must repair or replace housing which is in obsolete or poor condition and which is occupied by essential employees. No alternative would become feasible in time to modify or eliminate these needs.

In the longer-run, the Service would like to work with the Department and the Congress, to try a pilot test of a market approach. Such a test would demonstrate whether and in what circumstances this alternative would ever be a substitute for government furnished housing. The Service, however, would continue its efforts to repair and improve substandard housing. And if market alternatives either fail or prove workable only in a few cases, the Service's housing needs would remain as described:

Rehabilitation - seasonal housing	$ 43,646,266
New seasonal housing	89,280,954
Rehabilitation - permanent housing	46,058,342
New permanent housing	88,438,414
TOTAL REQUIREMENTS	$267,423,976

These amounts include the funding for the necessary advance planning, project planning, construction supervision, and contingencies.

HOUSING OVERSIGHT COMMITTEE

The Service has established the following general guidelines as its priority for housing improvements: (1) rehabilitation - seasonal housing, (2) new seasonal housing, (3) rehabilitation - permanent housing, and (4) new permanent housing. Director Mott has appointed a Housing Oversight Committee that will function throughout the life of this program to provide professional determinations and recommendations. Housing rehabilitation and construction will be carefully planned, and the Housing Oversight Committee will work closely with top management to accomplish improved housing as quickly and efficiently as possible. (The first meeting of the committee was held June 16-18, 1987, in Washington, D.C.)

A list of the functions of the committee follows:

Provide specific Servicewide priorities and recommendations for new housing.

Provide a review of existing structures and recommend which structures are worthy of being rehabilitated. On-site reviews will be made as determined to be necessary. (This does not include trailers because all trailers are to be replaced.)

Determine the correct design, site location, types of materials, and cost factors that are to be used for a specific location.

Develop base-guideline designs and specifications for new housing.

Assist when necessary in the selection and administration of contractors for design and construction services.

Assist parks in the preparation of program proposals and park-specific estimates to improve housing.

Ensure that all housing justifications, designs, cost estimates, and purchases are based on Departmental/agency standards and regional considerations.

Investigate alternative methods, markets, and materials to improve housing quality and lower costs.

Share housing information throughout the Service.

Upon completion of the above, the Housing Oversight Committee should remain available to provide recommendations concerning any unique situations that may arise.

HOUSING OVERSIGHT COMMITTEE MEMBERS

Denis Galvin, Ex-Officio	Deputy Director, NPS
Robert Stanton, Ex-Officio	Associate Director, Operations
Robert Lopenske, Chair	Architect, Denver Service Center
Hal Garland, Co-Chair	Associate Director, Administration, Southwest Regional Office
Ronald Bishop	Historical Architect, Southeast Regional Office
Virginia Carrico	Representative Spouse, Big Bend National Park
Irv Dunton	Engineer (Maintenance), Western Regional Office
Richard Giamberdine	Landscape Architect, Denver Service Center
Billy L. Hart	Departmental Housing Officer
Denny Huffman	Superintendent, Dinosaur National Monument
Noel Pachta	Superintendent, Fire Island National Seashore
Andrew Ringgold	Ranger Activities Division, Washington Office
Laurie Shannon	Seasonal Ranger, Rocky Mountain National Park
Patsy Smith	NPS Housing Officer, Washington Office
Richard Smith	Superintendent, Carlsbad Caverns National Park

ADVISORY PERSONNEL

Estimators, Ramon Borras, Denver Service Center (Construction and Design Costs)
Construction Contract Specialist, Washington Office and Denver Service Center (Contracts)
Administrative Officials, Regional and Park Offices
Maintenance Staffs, Regional and Park Offices
Historic Structures, Billy Garrett, Southeast Regional Office

APPENDIX A—INVESTMENT ANALYSIS

Table 1, INVESTMENT REQUIREMENTS, lists the estimated annual funding requirements for each of the four NPS housing priorities. This fiscal investment program is phased over a 10-year period.

YEAR	PRIORITY 1 REHAB SEASONAL	PRIORITY 2 CONSTRUCT NEW SEASONAL	PRIORITY 3 REHAB PERMANENT	PRIORITY 4 CONSTRUCT NEW PERMANENT	ANNUAL DIRECT COSTS
1	$6,000,000	$6,000,000	$4,000,000	$4,000,000	$20,000,000
2	$5,000,000	$10,000,000	$5,000,000	$10,000,000	$30,000,000
3	$5,000,000	$10,000,000	$5,000,000	$10,000,000	$30,000,000
4	$5,000,000	$10,000,000	$5,000,000	$10,000,000	$30,000,000
5	$5,000,000	$10,000,000	$5,000,000	$10,000,000	$30,000,000
6	$5,000,000	$10,000,000	$5,000,000	$10,000,000	$30,000,000
7	$5,000,000	$10,000,000	$5,000,000	$10,000,000	$30,000,000
8	$5,000,000	$10,000,000	$5,000,000	$10,000,000	$30,000,000
9	$2,500,000	$10,000,000	$5,000,000	$10,000,000	$27,500,000
10		$3,000,000	$2,500,000	$4,500,000	$10,000,000
	$43,500,000	$89,000,000	$46,500,000	$88,500,000	$267,500,000

Table 1A, INVESTMENT REQUIREMENTS, shows the annual direct costs from Table 1 at an inflation rate of 3 percent, 6 percent, and 8 percent.

INVESTMENT REQUIREMENTS TEN-YEAR PROGRAM

YEAR	ANNUAL DIRECT COSTS	ANNUAL DIRECT COSTS at 3% INFLATION	ANNUAL DIRECT COSTS at 6% INFLATION	ANNUAL DIRECT COSTS at 8% INFLATION
1	$20,000,000	$20,600,000	$21,200,000	$21,600,000
2	$30,000,000	$30,900,000	$31,800,000	$32,400,000
3	$30,000,000	$30,900,000	$31,800,000	$32,400,000
4	$30,000,000	$30,900,000	$31,800,000	$32,400,000
5	$30,000,000	$30,900,000	$31,800,000	$32,400,000
6	$30,000,000	$30,900,000	$31,800,000	$32,400,000
7	$30,000,000	$30,900,000	$31,800,000	$32,400,000
8	$30,000,000	$30,900,000	$31,800,000	$32,400,000
9	$27,500,000	$28,325,000	$29,150,000	$29,700,000
10	$10,000,000	$10,300,000	$10,600,000	$10,800,000
	$267,500,000	$275,525,000	$283,550,000	$288,900,000

Table 2, INVESTMENT GAINS, lists the estimated total annual gain the National Park Service can realize once the rehabilitation phase begins and shows the continued investment gains over time. This does not take into account the fact that a dollar today is worth more than one a year from now.

The total annual gain is the combination of the maintenance cost avoidance and the rental income gain.

INVESTMENT GAINS (Benefits) - Undiscounted

YEAR	MAINTENANCE COST AVOIDANCE	INCOME GAIN DUE TO: HIGHER RENTS	NEW RENTS	TOTAL ANNUAL GAIN
1	$500,000	$0	$0	$500,000
2	$1,000,000	$50,000	$0	$1,050,000
3	$2,000,000	$50,000	$50,000	$2,100,000
4	$3,000,000	$100,000	$300,000	$3,400,000
5	$4,000,000	$100,000	$700,000	$4,800,000
6	$5,000,000	$150,000	$1,000,000	$6,150,000
7	$6,000,000	$200,000	$1,300,000	$7,500,000
8	$7,000,000	$250,000	$1,600,000	$8,850,000
9	$8,000,000	$300,000	$1,900,000	$10,200,000
10	$8,000,000	$350,000	$2,200,000	$10,550,000
11	$8,000,000	$400,000	$2,500,000	$10,900,000
12	$8,000,000	$400,000	$2,500,000	$10,900,000
13	$8,000,000	$400,000	$2,500,000	$10,900,000
14	$8,000,000	$400,000	$2,500,000	$10,900,000
15	$8,000,000	$400,000	$2,500,000	$10,900,000
16	$8,000,000	$400,000	$2,500,000	$10,900,000
17	$8,000,000	$400,000	$2,500,000	$10,900,000
18	$8,000,000	$400,000	$2,500,000	$10,900,000
19	$8,000,000	$400,000	$2,500,000	$10,900,000
20	$8,000,000	$400,000	$2,500,000	$10,900,000
21	$8,000,000	$400,000	$2,500,000	$10,900,000
22	$8,000,000	$400,000	$2,500,000	$10,900,000
23	$8,000,000	$400,000	$2,500,000	$10,900,000
24	$8,000,000	$400,000	$2,500,000	$10,900,000
25	$8,000,000	$400,000	$2,500,000	$10,900,000
26	$8,000,000	$400,000	$2,500,000	$10,900,000
27	$8,000,000	$400,000	$2,500,000	$10,900,000
28	$8,000,000	$400,000	$2,500,000	$10,900,000
29	$8,000,000	$400,000	$2,500,000	$10,900,000
30	$8,000,000	$400,000	$2,500,000	$10,900,000
Total	$204,500,000	$9,550,000	$59,050,000	$273,100,000

Table 2A, INVESTMENT GAINS, lists the estimated maintenance cost avoidance, rental income gain, and the total annual gain at a discount rate of 4 percent.

INVESTMENT GAINS (Benefits) - Discounted at 4.0%

YEAR	MAINTENANCE COST AVOIDANCE	INCOME GAIN DUE TO: HIGHER RENTS	NEW RENTS	TOTAL ANNUAL GAIN
1	$500,000	$0	$0	$500,000
2	$961,538	$48,077	$0	$1,009,615
3	$1,849,112	$46,228	$46,228	$1,941,568
4	$2,666,989	$88,900	$266,699	$3,022,588
5	$3,419,217	$85,480	$598,363	$4,103,060
6	$4,109,636	$123,289	$821,927	$5,054,852
7	$4,741,887	$158,063	$1,027,409	$5,927,359
8	$5,319,425	$189,979	$1,215,869	$6,725,273
9	$5,845,522	$219,207	$1,388,311	$7,453,040
10	$5,620,694	$245,905	$1,545,691	$7,412,290
11	$5,404,513	$270,226	$1,688,910	$7,363,649
12	$5,196,647	$259,832	$1,623,952	$7,080,432
13	$4,996,776	$249,839	$1,561,493	$6,808,108
14	$4,804,593	$240,230	$1,501,435	$6,546,258
15	$4,619,801	$230,990	$1,443,688	$6,294,478
16	$4,442,116	$222,106	$1,388,161	$6,052,383
17	$4,271,265	$213,563	$1,334,770	$5,819,599
18	$4,106,986	$205,349	$1,283,433	$5,595,768
19	$3,949,025	$197,451	$1,234,070	$5,380,547
20	$3,797,139	$189,857	$1,186,606	$5,173,602
21	$3,651,096	$182,555	$1,140,967	$4,974,618
22	$3,510,669	$175,533	$1,097,084	$4,783,286
23	$3,375,643	$168,782	$1,054,888	$4,599,314
24	$3,245,811	$162,291	$1,014,316	$4,422,417
25	$3,120,972	$156,049	$975,304	$4,252,324
26	$3,000,934	$150,047	$937,792	$4,088,773
27	$2,885,514	$144,276	$901,723	$3,931,513
28	$2,774,533	$138,727	$867,041	$3,780,301
29	$2,667,820	$133,391	$833,694	$3,634,904
30	$2,565,211	$128,261	$801,629	$3,495,100
TOTAL	$111,421,084	$5,024,482	$30,781,454	$147,227,020

Table 2B, INVESTMENT GAINS, lists the estimated maintenance cost avoidance, rental income gain, and the total annual gain at a discount rate of 7 percent.

INVESTMENT GAINS (Benefits) - Discounted at 7.0%

YEAR	MAINTENANCE COST AVOIDANCE	INCOME GAIN DUE TO: HIGHER RENTS	INCOME GAIN DUE TO: NEW RENTS	TOTAL ANNUAL GAIN
1	$500,000	$0	$0	$500,000
2	$934,579	$46,729	$0	$981,308
3	$1,746,877	$43,672	$43,672	$1,834,221
4	$2,448,894	$81,630	$244,889	$2,775,413
5	$3,051,581	$76,290	$534,027	$3,661,897
6	$3,564,931	$106,948	$712,986	$4,384,865
7	$3,998,053	$133,268	$866,245	$4,997,567
8	$4,359,248	$155,687	$996,400	$5,511,335
9	$4,656,073	$174,603	$1,105,817	$5,936,493
10	$4,351,470	$190,377	$1,196,654	$5,738,501
11	$4,066,794	$203,340	$1,270,873	$5,541,007
12	$3,800,742	$190,037	$1,187,732	$5,178,511
13	$3,552,096	$177,605	$1,110,030	$4,839,730
14	$3,319,716	$165,986	$1,037,411	$4,523,112
15	$3,102,538	$155,127	$969,543	$4,227,208
16	$2,899,568	$144,978	$906,115	$3,950,662
17	$2,709,877	$135,494	$846,836	$3,692,207
18	$2,532,595	$126,630	$791,436	$3,450,661
19	$2,366,911	$118,346	$739,660	$3,224,917
20	$2,212,067	$110,603	$691,271	$3,013,941
21	$2,067,352	$103,368	$646,048	$2,816,767
22	$1,932,105	$96,605	$603,783	$2,632,493
23	$1,805,705	$90,285	$564,283	$2,460,274
24	$1,687,575	$84,379	$527,367	$2,299,321
25	$1,577,173	$78,859	$492,867	$2,148,898
26	$1,473,993	$73,700	$460,623	$2,008,316
27	$1,377,564	$68,878	$430,489	$1,876,931
28	$1,287,443	$64,372	$402,326	$1,754,141
29	$1,203,218	$60,161	$376,006	$1,639,384
30	$1,124,503	$56,225	$351,407	$1,532,135
Total	$75,711,241	$3,314,180	$20,106,795	$99,132,216

Table 2C, INVESTMENT GAINS, lists the estimated maintenance cost avoidance, rental income gain, and the total annual gain at a discount rate of 10 percent.

INVESTMENT GAINS (Benefits) - Discounted at 10.0%

YEAR	MAINTENANCE COST AVOIDANCE	INCOME GAIN DUE TO: HIGHER RENTS	NEW RENTS	TOTAL ANNUAL GAIN
1	$500,000	$0	$0	$500,000
2	$909,091	$45,455	$0	$954,545
3	$1,652,893	$41,322	$41,322	$1,735,537
4	$2,253,944	$75,131	$225,394	$2,554,470
5	$2,732,054	$68,301	$478,109	$3,278,465
6	$3,104,607	$93,138	$620,921	$3,818,666
7	$3,386,844	$112,895	$733,816	$4,233,554
8	$3,592,107	$128,290	$821,053	$4,541,449
9	$3,732,059	$139,952	$886,364	$4,758,375
10	$3,392,781	$148,434	$933,015	$4,474,230
11	$3,084,346	$154,217	$963,858	$4,202,422
12	$2,803,951	$140,198	$876,235	$3,820,384
13	$2,549,047	$127,452	$796,577	$3,473,076
14	$2,317,315	$115,866	$724,161	$3,157,342
15	$2,106,650	$105,333	$658,328	$2,870,311
16	$1,915,136	$95,757	$598,480	$2,609,373
17	$1,741,033	$87,052	$544,073	$2,372,158
18	$1,582,757	$79,138	$494,612	$2,156,507
19	$1,438,870	$71,944	$449,647	$1,960,461
20	$1,308,064	$65,403	$408,770	$1,782,237
21	$1,189,149	$59,457	$371,609	$1,620,216
22	$1,081,045	$54,052	$337,826	$1,472,923
23	$982,768	$49,138	$307,115	$1,339,021
24	$893,425	$44,671	$279,195	$1,217,292
25	$812,205	$40,610	$253,814	$1,106,629
26	$738,368	$36,918	$230,740	$1,006,026
27	$671,244	$33,562	$209,764	$914,569
28	$610,221	$30,511	$190,694	$831,427
29	$554,747	$27,737	$173,358	$755,843
30	$504,315	$25,216	$157,599	$687,130
Total	$54,141,035	$2,297,151	$13,766,451	$70,204,638

Table 3, ANNUAL INVESTMENT, lists the estimated annual funding requirements for new construction and rehabilitation.

ANNUAL INVESTMENT (Costs) - Undiscounted

YEAR	ANNUAL AMOUNT NEW CONSTR.	ANNUAL AMOUNT REHAB	ANNUAL AMOUNT TOTAL
	$0	$0	$0
	$0	$0	$0
1	$10,000,000	$10,000,000	$20,000,000
2	$20,000,000	$10,000,000	$30,000,000
3	$20,000,000	$10,000,000	$30,000,000
4	$20,000,000	$10,000,000	$30,000,000
5	$20,000,000	$10,000,000	$30,000,000
6	$20,000,000	$10,000,000	$30,000,000
7	$20,000,000	$10,000,000	$30,000,000
8	$20,000,000	$10,000,000	$30,000,000
9	$20,000,000	$7,500,000	$27,500,000
10	$7,500,000	$2,500,000	$10,000,000
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Total	$177,500,000	$90,000,000	$267,500,000

Table 3A, ANNUAL INVESTMENT, lists the estimated annual funding requirements for new construction and rehabilitation at a discount rate of 4 percent.

ANNUAL INVESTMENT (Costs) - Discounted at 4.0%

YEAR	ANNUAL AMOUNT NEW CONSTR.	ANNUAL AMOUNT REHAB	ANNUAL AMOUNT TOTAL
	$0	$0	$0
	$0	$0	$0
1	$10,000,000	$10,000,000	$20,000,000
2	$19,230,769	$9,615,385	$28,846,154
3	$18,491,124	$9,245,562	$27,736,686
4	$17,779,927	$8,889,964	$26,669,891
5	$17,096,084	$8,548,042	$25,644,126
6	$16,438,542	$8,219,271	$24,657,813
7	$15,806,291	$7,903,145	$23,709,436
8	$15,198,356	$7,599,178	$22,797,534
9	$14,613,804	$5,480,177	$20,093,981
10	$5,269,401	$1,756,467	$7,025,867
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Total	$149,924,298	$77,257,190	$227,181,488

Table 3B, ANNUAL INVESTMENT, lists the estimated annual funding requirements for new construction and rehabilitation at a discount rate of 7 percent.

ANNUAL INVESTMENT (Costs) - Discounted at 7.0%

YEAR	ANNUAL AMOUNT NEW CONSTR.	ANNUAL AMOUNT REHAB	ANNUAL AMOUNT TOTAL
	$0	$0	$0
	$0	$0	$0
1	$10,000,000	$10,000,000	$20,000,000
2	$18,691,589	$9,345,794	$28,037,383
3	$17,468,775	$8,734,387	$26,203,162
4	$16,325,958	$8,162,979	$24,488,936
5	$15,257,904	$7,628,952	$22,886,856
6	$14,259,724	$7,129,862	$21,389,585
7	$13,326,844	$6,663,422	$19,990,267
8	$12,454,995	$6,227,497	$18,682,492
9	$11,640,182	$4,365,068	$16,005,250
10	$4,079,503	$1,359,834	$5,439,337
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Total	$133,505,473	$69,617,797	$203,123,270

Table 3C, ANNUAL INVESTMENT, lists the estimated annual funding requirements for new construction and rehabilitation at a discount rate of 10 percent.

ANNUAL INVESTMENT (Costs) - Discounted at 10.0%

YEAR	ANNUAL AMOUNT NEW CONSTR.	ANNUAL AMOUNT REHAB	ANNUAL AMOUNT TOTAL
	$0	$0	$0
	$0	$0	$0
1	$10,000,000	$10,000,000	$20,000,000
2	$18,181,818	$9,090,909	$27,272,727
3	$16,528,926	$8,264,463	$24,793,388
4	$15,026,296	$7,513,148	$22,539,444
5	$13,660,269	$6,830,135	$20,490,404
6	$12,418,426	$6,209,213	$18,627,640
7	$11,289,479	$5,644,739	$16,934,218
8	$10,263,162	$5,131,581	$15,394,744
9	$9,330,148	$3,498,805	$12,828,953
10	$3,180,732	$1,060,244	$4,240,976
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Total	$119,879,256	$63,243,238	$183,122,494

Table 4, SUMMARY TABLE, lists the total benefits the National Park Service will realize from reduced maintenance costs and increased rents (total benefits), the total funding requirements (total costs), and the difference between the benefits and costs on an annual and cumulative basis.

SUMMARY TABLE - Undiscounted

YEAR	TOTAL BENEFITS	TOTAL COSTS	TOTAL BENEFITS LESS COSTS	CUMULATIVE TOTAL
1	$500,000	$20,000,000	($19,500,000)	($19,500,000)
2	$1,050,000	$30,000,000	($28,950,000)	($48,450,000)
3	$2,100,000	$30,000,000	($27,900,000)	($76,350,000)
4	$3,400,000	$30,000,000	($26,600,000)	($102,950,000)
5	$4,800,000	$30,000,000	($25,200,000)	($128,150,000)
6	$6,150,000	$30,000,000	($23,850,000)	($152,000,000)
7	$7,500,000	$30,000,000	($22,500,000)	($174,500,000)
8	$8,850,000	$30,000,000	($21,150,000)	($195,650,000)
9	$10,200,000	$27,500,000	($17,300,000)	($212,950,000)
10	$10,550,000	$10,000,000	$550,000	($212,400,000)
11	$10,900,000		$10,900,000	($201,500,000)
12	$10,900,000		$10,900,000	($190,600,000)
13	$10,900,000		$10,900,000	($179,700,000)
14	$10,900,000		$10,900,000	($168,800,000)
15	$10,900,000		$10,900,000	($157,900,000)
16	$10,900,000		$10,900,000	($147,000,000)
17	$10,900,000		$10,900,000	($136,100,000)
18	$10,900,000		$10,900,000	($125,200,000)
19	$10,900,000		$10,900,000	($114,300,000)
20	$10,900,000		$10,900,000	($103,400,000)
21	$10,900,000		$10,900,000	($92,500,000)
22	$10,900,000		$10,900,000	($81,600,000)
23	$10,900,000		$10,900,000	($70,700,000)
24	$10,900,000		$10,900,000	($59,800,000)
25	$10,900,000		$10,900,000	($48,900,000)
26	$10,900,000		$10,900,000	($38,000,000)
27	$10,900,000		$10,900,000	($27,100,000)
28	$10,900,000		$10,900,000	($16,200,000)
29	$10,900,000		$10,900,000	($5,300,000)
30	$10,900,000		$10,900,000	$5,600,000
TOTAL	$273,100,000	$267,500,000	$5,600,000	

Table 4A, SUMMARY TABLE, lists the total benefits minus the total costs on an annual and cumulative basis at a discount rate of 4 percent.

SUMMARY TABLE - Discounted at 4.0%

YEAR	TOTAL BENEFITS	TOTAL COSTS	NPV TOTAL BENEFITS LESS COSTS	CUMULATIVE TOTAL
1	$500,000	$20,000,000	($19,500,000)	($19,500,000)
2	$1,009,615	$28,846,154	($27,836,538)	($47,336,538)
3	$1,941,568	$27,736,686	($25,795,118)	($73,131,657)
4	$3,022,588	$26,669,891	($23,647,303)	($96,778,960)
5	$4,103,060	$25,644,126	($21,541,066)	($118,320,026)
6	$5,054,852	$24,657,813	($19,602,961)	($137,922,987)
7	$5,927,359	$23,709,436	($17,782,077)	($155,705,064)
8	$6,725,273	$22,797,534	($16,072,262)	($171,777,326)
9	$7,453,040	$20,093,981	($12,640,941)	($184,418,266)
10	$7,412,290	$7,025,867	$386,423	($184,031,843)
11	$7,363,649		$7,363,649	($176,668,194)
12	$7,080,432		$7,080,432	($169,587,762)
13	$6,808,108		$6,808,108	($162,779,654)
14	$6,546,258		$6,546,258	($156,233,397)
15	$6,294,478		$6,294,478	($149,938,918)
16	$6,052,383		$6,052,383	($143,886,535)
17	$5,819,599		$5,819,599	($138,066,936)
18	$5,595,768		$5,595,768	($132,471,168)
19	$5,380,547		$5,380,547	($127,090,621)
20	$5,173,602		$5,173,602	($121,917,019)
21	$4,974,618		$4,974,618	($116,942,401)
22	$4,783,286		$4,783,286	($112,159,115)
23	$4,599,314		$4,599,314	($107,559,801)
24	$4,422,417		$4,422,417	($103,137,384)
25	$4,252,324		$4,252,324	($98,885,060)
26	$4,088,773		$4,088,773	($94,796,287)
27	$3,931,513		$3,931,513	($90,864,774)
28	$3,780,301		$3,780,301	($87,084,473)
29	$3,634,904		$3,634,904	($83,449,569)
30	$3,495,100		$3,495,100	($79,954,469)
TOTAL	$147,227,020	$227,181,488	($79,954,469)	

Table 4B, SUMMARY TABLE, lists the total benefits minus the total costs on an annual and cumulative basis at a discount rate of 7 percent.

SUMMARY TABLE - Discounted at 7.0%

YEAR	TOTAL BENEFITS	TOTAL COSTS	NPV TOTAL (benefits-costs)	CUMULATIVE TOTAL
1	$500,000	$20,000,000	($19,500,000)	($19,500,000)
2	$981,308	$28,037,383	($27,056,075)	($46,556,075)
3	$1,834,221	$26,203,162	($24,368,941)	($70,925,015)
4	$2,775,413	$24,488,936	($21,713,524)	($92,638,539)
5	$3,661,897	$22,886,856	($19,224,959)	($111,863,498)
6	$4,384,865	$21,389,585	($17,004,720)	($128,868,219)
7	$4,997,567	$19,990,267	($14,992,700)	($143,860,919)
8	$5,511,335	$18,682,492	($13,171,157)	($157,032,076)
9	$5,936,493	$16,005,250	($10,068,758)	($167,100,833)
10	$5,738,501	$5,439,337	$299,164	($166,801,670)
11	$5,541,007		$5,541,007	($161,260,662)
12	$5,178,511		$5,178,511	($156,082,151)
13	$4,839,730		$4,839,730	($151,242,420)
14	$4,523,112		$4,523,112	($146,719,308)
15	$4,227,208		$4,227,208	($142,492,100)
16	$3,950,662		$3,950,662	($138,541,438)
17	$3,692,207		$3,692,207	($134,849,231)
18	$3,450,661		$3,450,661	($131,398,570)
19	$3,224,917		$3,224,917	($128,173,654)
20	$3,013,941		$3,013,941	($125,159,713)
21	$2,816,767		$2,816,767	($122,342,946)
22	$2,632,493		$2,632,493	($119,710,453)
23	$2,460,274		$2,460,274	($117,250,180)
24	$2,299,321		$2,299,321	($114,950,859)
25	$2,148,898		$2,148,898	($112,801,960)
26	$2,008,316		$2,008,316	($110,793,644)
27	$1,876,931		$1,876,931	($108,916,714)
28	$1,754,141		$1,754,141	($107,162,573)
29	$1,639,384		$1,639,384	($105,523,188)
30	$1,532,135		$1,532,135	($103,991,054)
TOTAL	$99,132,216	$203,123,270	($103,991,054)	

Table 4C, SUMMARY TABLE, lists the total benefits minus the total costs on an annual and cumulative basis at a discount rate of 10 percent.

SUMMARY TABLE - Discounted at 10.0%

YEAR	TOTAL BENEFITS	TOTAL COSTS	NPV TOTAL (benefits-costs)	CUMULATIVE TOTAL
1	$500,000	$20,000,000	($19,500,000)	($19,500,000)
2	$954,545	$27,272,727	($26,318,182)	($45,818,182)
3	$1,735,537	$24,793,388	($23,057,851)	($68,876,033)
4	$2,554,470	$22,539,444	($19,984,974)	($88,861,007)
5	$3,278,465	$20,490,404	($17,211,939)	($106,072,946)
6	$3,818,666	$18,627,640	($14,808,974)	($120,881,919)
7	$4,233,554	$16,934,218	($12,700,663)	($133,582,583)
8	$4,541,449	$15,394,744	($10,853,294)	($144,435,877)
9	$4,758,375	$12,828,953	($8,070,578)	($152,506,455)
10	$4,474,230	$4,240,976	$233,254	($152,273,201)
11	$4,202,422		$4,202,422	($148,070,779)
12	$3,820,384		$3,820,384	($144,250,396)
13	$3,473,076		$3,473,076	($140,777,320)
14	$3,157,342		$3,157,342	($137,619,978)
15	$2,870,311		$2,870,311	($134,749,667)
16	$2,609,373		$2,609,373	($132,140,294)
17	$2,372,158		$2,372,158	($129,768,136)
18	$2,156,507		$2,156,507	($127,611,630)
19	$1,960,461		$1,960,461	($125,651,169)
20	$1,782,237		$1,782,237	($123,868,932)
21	$1,620,216		$1,620,216	($122,248,716)
22	$1,472,923		$1,472,923	($120,775,793)
23	$1,339,021		$1,339,021	($119,436,772)
24	$1,217,292		$1,217,292	($118,219,480)
25	$1,106,629		$1,106,629	($117,112,851)
26	$1,006,026		$1,006,026	($116,106,824)
27	$914,569		$914,569	($115,192,255)
28	$831,427		$831,427	($114,360,828)
29	$755,843		$755,843	($113,604,986)
30	$687,130		$687,130	($112,917,856)
TOTAL	$70,204,638	$183,122,494	($112,917,856)	

Table 5, ANNUAL HOUSING RENTAL INCOME COMPARISON, is an estimate of present permanent and seasonal housing rental income. This is compared to the forecast permanent and seasonal housing rental income the National Park Service can expect to .collect at the end of the rehabilitation/construction period.

The annual income (unit) is a result of the weighted average rental income times 12 months for permanent housing or 4 months for seasonal housing.

The annual income (total) is a result of the annual income (unit) times the number of units in each housing class. The source for the number of units is the NPS Housing Inventory. The total of $8,314,146 corresponds to the amount reported through the NPS finance system.

The center section of the table lists the number of units in each housing classification to be removed and to be added. These were identified by the park areas in their Housing Management Plans.

The forecast annual income is derived from the total number of housing units after construction, times the increased rental income the Service can expect to collect due to the upgraded condition.

ANNUAL HOUSING RENTAL INCOME COMPARISON

PERMANENT (year round) HOUSING	PRESENT SITUATION					FORECAST SITUATION		
HOUSING CLASSIFICATION	NO. UNITS	ANNUAL INCOME UNIT	ANNUAL INCOME TOTAL	NUMBER TO BE: REMOVED	NUMBER TO BE: ADDED	NO. UNITS	ANNUAL INCOME UNIT	ANNUAL INCOME TOTAL
HOUSES: 1 THRU. 4 BR	1911	$2,826	$5,401,358	88	373	2196	$3,366	$7,392,738
APTS: EFF. THRU 3 BR	434	$1,888	$819,409	14	244	664	$2,368	$1,572,378
CABINS/DORMS/MODS	133	$1,120	$148,967	3	4	134	$1,240	$166,167
TENTS/TRAILERS/PADS	362	$1,679	$607,664	152	0	210	$1,679	$352,512
	2840		$6,977,397	-257	621	3204		$9,483,794

SEASONAL HOUSING:	PRESENT SITUATION					FORECAST SITUATION		
HOUSING CLASSIFICATION	NO. UNITS	ANNUAL INCOME UNIT	ANNUAL INCOME TOTAL	NUMBER TO BE: REMOVED	NUMBER TO BE: ADDED	NO. UNITS	ANNUAL INCOME UNIT	ANNUAL INCOME TOTAL
HOUSES: 1 THRU. 4 BR	405	$942	$362,729	48	131	488	$1,122	$525,167
APTS: EFF. THRU 3 BR	610	$629	$383,901	58	571	1123	$789	$886,436
CABINS/DORMS/MODS	542	$373	$202,356	55	89	576	$413	$238,090
TENTS/TRAILERS/PADS	693	$560	$387,763	519	18	192	$560	$107,432
	2230		$1,336,749	-680	809	2359		$1,757,125
TOTALS	5070		$8,314,146	-937	1430	5563		$11,240,919
					ANNUAL RENTAL INCOME GAIN:			$2,926,773

Table 6, ANNUAL HOUSING EXPENSE COMPARISON, is an estimate of present maintenance expenses for permanent and seasonal housing for fiscal year 1986. This is compared to the forecast maintenance expenses for permanent and seasonal housing that the National Park Service can expect to incur at the end of the rehabilitation/construction period.

This table shows that maintenance costs for seasonal units are generally higher due to greater turnover of employees. In addition, apartments--both for permanent (year-round) use and seasonal use--are generally used to house younger, single staff members and, therefore, maintenance costs are higher.

The annual expense (unit) is based on maintenance and operations expenditure reports provided by each park area.

The annual expense (total) is a result of the annual expense (unit) times the number of units in each housing class. The source for the number of units in each housing class is the NPS Housing Inventory.

The center section of the table lists the number of units in each housing classification to be removed and to be added. These were identified by the park areas in their Housing Management Plans.

The forecast annual expense is derived from the total number of housing units after construction, times the estimated annual maintenance and operations costs the Service will incur to maintain the structures in good or better condition.

ANNUAL HOUSING EXPENSE COMPARISON

PERMANENT (year round) HOUSING	PRESENT SITUATION					FORECAST SITUATION		
HOUSING CLASSIFICATION	NO. UNITS	ANNUAL EXPENSE UNIT	TOTAL	NUMBER TO BE: REMOVE	ADDED	NO. UNITS	ANNUAL EXPENSE UNIT	TOTAL
HOUSES: 1 THRU. 4 BR	1911	$3,200	$6,115,200	88	373	2196	$900	$1,976,400
APTS: EFF. THRU 3 BR	434	$3,800	$1,649,200	14	244	664	$1,200	$796,800
CABINS/DORMS/MOD	133	$600	$79,800	3	4	134	$600	$80,400
TENTS/TRAILERS/PADS	362	$1,200	$434,400	152	0	210	$1,200	$252,000
	2840	$2,200	$8,278,600	-257	621	3204	$975	$3,105,600

SEASONAL HOUSING:

HOUSING CLASSIFICATION	NO. UNITS	ANNUAL EXPENSE UNIT	TOTAL	NUMBER TO BE: REMOVE	ADDED	NO. UNITS	ANNUAL EXPENSE UNIT	TOTAL
HOUSES: 1 THRU. 4 BR	385	$3,600	$1,386,000	48	131	468	$1,000	$468,000
APTS: EFF. THRU 3 BR	610	$4,200	$2,562,000	58	571	1123	$1,300	$1,459,900
CABINS/DORMS/MOD	542	$1,000	$542,000	55	89	576	$750	$432,000
TENTS/TRAILERS/PADS	693	$1,600	$1,108,800	519	18	192	$1,600	$307,200
	2230	$2,600	$5,598,800	-680	809	2359	$1,163	$2,667,100
TOTALS	5070	$4,800	$13,877,400	-937	1430	5563	$2,138	$5,772,700
AVERAGE ANNUAL UNIT EXPENSE		$2,400					$1,069	

Table 7, REHABILITATION REQUIREMENTS, is an estimate of the annual costs required to rehabilitate existing housing and bring the housing stock to good condition. The source for the condition of permanent and seasonal housing is the NPS Housing Inventory.

The housing unit cost is based on estimated average repair and rehabilitation needs for housing that is in the condition described. The housing condition descriptions are as follows:

EXCELLENT: Both exterior and interior aspects of the housing are in a like new (or better) condition and appearance. All mechanical and structural aspects are without obvious/known defects.

GOOD: The housing unit is structurally sound and mechanically functional, but may need minor routine maintenance or repairs. Examples: Touch up painting needed, small tears in screens, dripping faucets, or other items requiring minimum disruption to the occupant and minimum expense to correct.

FAIR: Any of the above plus: Early signs of reversible deterioration are evident. Functional, but outdated fixtures and/or appliances (range/refrigerator) are still in use. Other examples: Worn and/or stained carpeting, scratched, gouged or soiled wall covering, minor foundation cracks, interior and exterior painting needed.

POOR: Any of the above plus: Structural integrity is marginal. Major repairs are needed for continued human habitation. Health and/or safety standards for occupants may be questionable. Examples: Leaking roof, exterior siding allows the elements to attack the interior structure, flue tiles cracked or missing, mechanical systems inadequate, warped floors, cracked foundations and loose siding allows entrance by rodents and insects.

OBSOLETE: Usually beyond economic rehabilitation. These housing units must be vacated and removed immediately. Health and/or safety violations are evident.

For example, housing in GOOD condition would require relatively minor and routine maintenance/rehabilitation to assure that it does not further deteriorate. An example would be plumbing repairs, minor modifications to the kitchen, bath, heating system or painting, replacing window sashes and screens.

Housing in FAIR condition would require replacement of fixtures, cabinets, wall tile and repairs to floors and foundations. In addition, both interior and exterior painting is usually required.

Housing in POOR condition would require major structural repairs to chimneys, siding, roofs, foundations and porches, major utility replacement, new windows, completely new kitchens and baths and new appliances. Many houses in poor condition are beyond salvage due to years of poor maintenance and require complete replacement.

REHABILITATION REQUIREMENTS

PERMANENT (year round) HOUSING CONDITION	NO.	UNIT COST	TOTAL NET COST
Excellent	145		N/A
Good	1237	$6,000	$7,422,000
Fair	1190	$15,000	$17,850,000
Poor	255	$24,000 *	$6,120,000
Obsolete	13		N/A
TOTALS:		NET	$31,392,000
		GROSS	$46,058,342

SEASONAL HOUSING CONDITION	NO.	UNIT COST	TOTAL NET COST
Excellent	68		N/A
Good	670	$6,000	$4,020,000
Fair	1024	$15,000	$15,360,000
Poor	432	$24,000 *	$10,368,000
Obsolete	36		N/A
TOTALS:		NET	$29,748,000
		GROSS	$43,646,266

* NOTE: All of the Obsolete and 20% of the Poor houses are to be replaced. The rehabilitation cost estimate of $30,000 per unit has been reduced by 20% to reflect this.

Table 8, NEW CONSTRUCTION COST ESTIMATE, shows construction expenses per square foot. Using the national average as a base, the National Park Service must consider additional expenses for the following:

Special design - To comply with special conditions encountered in most park areas, special design features must be considered. These are discussed in Appendix B (Design and Cost Considerations).

Remoteness - Most NPS areas requiring housing are in remote areas. Construction costs will increase due to transportation of employees, materials, supplies, and equipment.

Government specifications - Contractors responding to "Government Invitations For Bid" must consider the Davis-Bacon Wage Rate Act, provisions of the Buy American Act, and other special restrictions that increase their cost of doing business.

Small quantities - Because few housing units will be constructed in any single location, the contractor cannot take advantage of economies of scale normally associated with typical subdivision construction.

Alaska costs are broken out separately because Alaska costs reflect the single-most significant cost differential.

NEW CONSTRUCTION COST ESTIMATE

Assume: National range $40 - $55 per sq. foot. Use $48 for NPS			
Add for special design		10%	
Add for remoteness		25%	
Add for Gov't Specs		20%	
Add for small quantities		7%	
	$48 Plus	62%	$78
FOR 48 STATES USE $80			
For Alaska Assume: National range $40 - $55 per square foot. Use $52 for NPS in Alaska			
Add for special design		15%	
Add for remoteness		100%	
Add for Gov't Specs		20%	
Add for small quantities		5%	
	$52 Plus	140%	$125
FOR ALASKA USE $125			

Table 8A, NEW CONSTRUCTION REQUIREMENTS FOR PERMANENT HOUSING, is an estimate of the total construction costs for each housing classification.

Square foot cost calculations are presented in Table 8.

The number of units to be constructed have been identified by the park areas in their Housing Management Plans.

New construction costs for Alaska are broken out separately because of the significant cost differential identified in Table 8.

NEW CONSTRUCTION REQUIREMENTS

PERMANENT (year round) HOUSING

US.except Alaska

CLASS		SQ. FT.	Number of units	Price per sq. ft.	Unit Cost	TOTAL NET COSTS
A	4BR SFH	1700	2	$80	$136,000	$272,000
B	3BR SFH	1450	183	$80	$116,000	$21,228,000
C	2BR SFH	1200	136	$80	$96,000	$13,056,000
D	1BR SFH	750	14	$80	$60,000	$840,000
E	APT 3BR	1200	52	$75	$90,000	$4,680,000
F	APT 2BR	1000	126	$75	$75,000	$9,450,000
G	APT 1BR	750	65	$75	$56,250	$3,656,250
H	EFF. APT	750	1	$75	$56,250	$56,250
I	CABIN	750	0	$65	$48,750	$0
W	DORM(8)*	2400	4	$60	$144,000	$576,000
			583			$53,814,500

US Alaska

CLASS		SQ. FT.	Number of units	Price per sq. ft.	Unit Cost	TOTAL NET COSTS
A	4BR SFH	1700	2	$125	$212,500	$425,000
B	3BR SFH	1450	24	$125	$181,250	$4,350,000
C	2BR SFH	1200	10	$125	$150,000	$1,500,000
D	1BR SFH	750	2	$125	$93,750	$187,500
E	APT 3BR	1200	0	$115	$138,000	$0
F	APT 2BR	1000	0	$115	$115,000	$0
G	APT 1BR	750	0	$115	$86,250	$0
H	EFF. APT	750	0	$115	$86,250	$0
I	CABIN	750	0	$100	$75,000	$0
W	DORM(8)*	2400	0	$100	$240,000	$0
			38			$6,462,500

PERMANENT HOUSING CONSTRUCTION COST:	NET	$60,277,000
	GROSS	$88,438,414

* NOTE: Approximately eight employees/tenants per dormitory unit.

Table 8B, NEW CONSTRUCTION REQUIREMENTS FOR SEASONAL HOUSING, is an estimate of the total construction costs for each housing classification.

Square foot cost calculations are presented in Table 8.

The number of units to be constructed have been identified by the park areas in their Housing Management Plans.

New construction costs for Alaska are broken out separately because of the significant cost differential identified in Table 8.

NEW CONSTRUCTION REQUIREMENTS

SEASONAL HOUSING

US except Alaska

CLASS		SQ. FT.	Number of units	Price per sq. ft.	Unit Cost	TOTAL NET COSTS
A	4BR SFH	1700	1	$80	$136,000	$136,000
B	3BR SFH	1450	15	$80	$116,000	$1,740,000
C	2BR SFH	1200	23	$80	$96,000	$2,208,000
D	1BR SFH	750	74	$80	$60,000	$4,440,000
E	APT 3BR	1200	54	$75	$90,000	$4,860,000
F	APT 2BR	1000	161	$75	$75,000	$12,075,000
G	APT 1BR	750	290	$75	$56,250	$16,312,500
H	EFF. APT	750	51	$75	$56,250	$2,868,750
I	CABIN	750	15	$65	$48,750	$731,250
W	DORM(8)*	2400	53	$60	$144,000	$7,632,000
Y	TR PAD		18		$8,000	$144,000
			755			$53,147,500

US Alaska

CLASS		SQ. FT.	Number of units	Price per sq. ft.	Unit Cost	TOTAL NET COSTS
A	4BR SFH	1700	0	$125	$212,500	$0
B	3BR SFH	1450	7	$125	$181,250	$1,268,750
C	2BR SFH	1200	11	$125	$150,000	$1,650,000
D	1BR SFH	750	0	$125	$93,750	$0
E	APT 3BR	1200	0	$115	$138,000	$0
F	APT 2BR	1000	15	$115	$115,000	$1,725,000
G	APT 1BR	750	0	$115	$86,250	$0
H	EFF. APT	750	0	$115	$86,250	$0
I	CABIN	750	12	$100	$75,000	$900,000
W	DORM(8)*	2400	9	$100	$240,000	$2,160,000
			54			$7,703,750

SEASONAL HOUSING CONSTRUCTION COSTS:	NET	$60,851,250
	GROSS	$89,280,954

* NOTE: Approximately eight employees/tenants per dormitory unit.

Table 9, SUMMARY OF REQUIREMENTS FOR NATIONAL PARK SERVICE HOUSING, identifies by priority the funding requirement for rehabilitation of existing seasonal units, construction of new seasonal units, rehabilitation of existing permanent units, and construction of new permanent units.

The planning section represents 6 percent of the net construction cost figure for advance planning and 6 percent of the net construction cost figure for project planning.

Advance planning includes standard regional designs and any necessary changes to the designs to make them park specific. Also included are costs for site planning and topographical work.

Project planning includes costs associated with park-specific utilities, site plans, building modifications, working drawings, and specifications.

The supervision and contingencies section represents 31 percent of the net construction amount plus the planning costs, and it provides for contract administration, construction supervision, contingencies, and change orders.

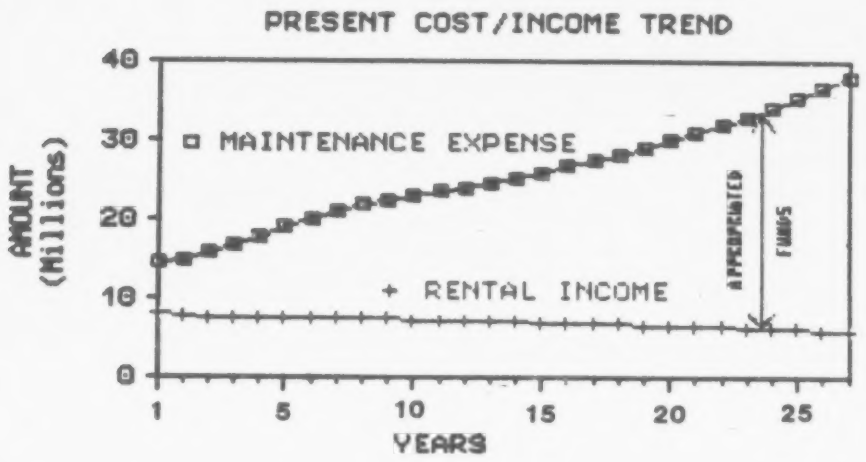
The source for the construction, planning, and supervision cost estimates is the Denver Service Center. This information is based on historic records of construction cost data.

SUMMARY OF FUNDING REQUIREMENTS FOR NPS HOUSING

PRIORITY		ESTIMATE SOURCE	NET	PLANNING	SUPRV.& CONT.	TOTAL
1	REHABILITATION seasonal	Table 7	$29,748,000	$3,569,760	$10,328,506	$43,646,266
2	NEW SEASONAL HOUSING	Table 8B	$60,851,250	$7,302,150	$21,127,554	$89,280,954
3	REHABILITATION permanent	Table 7	$31,392,000	$3,767,040	$10,899,302	$46,058,342
4	NEW PERMANENT HOUSING	Table 8A	$60,277,000	$7,233,240	$20,928,174	$88,438,414
	TOTALS		$182,268,250	$21,872,190	$63,283,536	$267,423,976

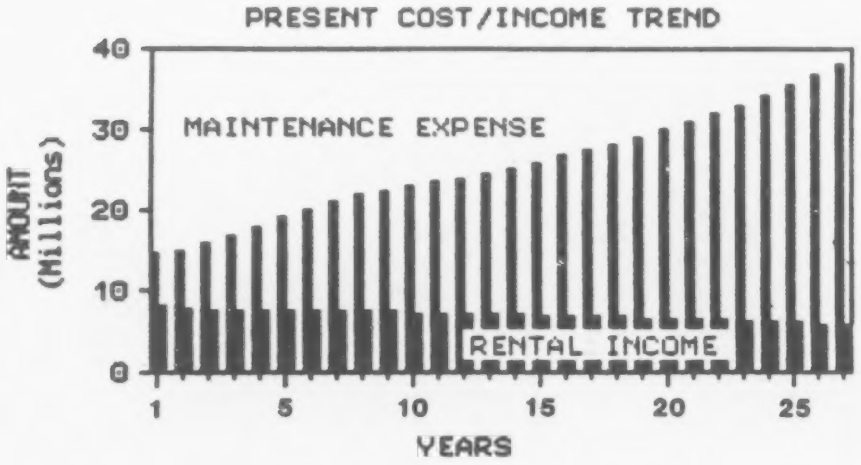
Graph 1, PRESENT COST/INCOME TREND, illustrates the continued maintenance expenses the Service can expect to incur if no corrective action is taken and the continued decreasing rental income the Service can expect to collect due to deteriorated conditions. The difference between the two lines plotted is the amount of funds that would have to be appropriated to maintain existing units.

Graph

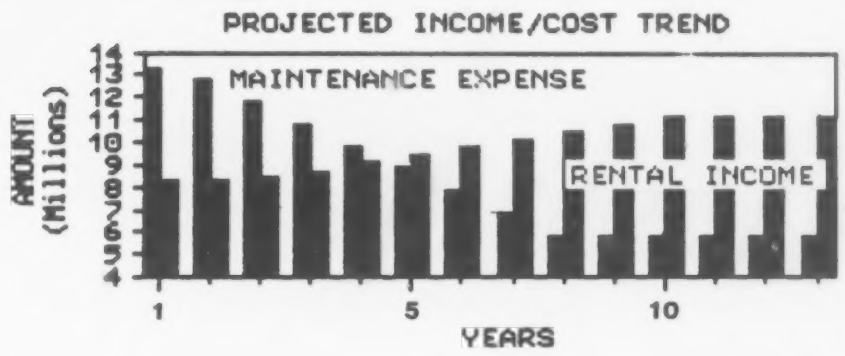


Graph 2, PRESENT COST/INCOME TREND, illustrates the continued maintenance expenses the Service can expect to incur if no corrective action is taken and the continued decreasing rental income the Service can expect to collect due to deteriorated conditions.

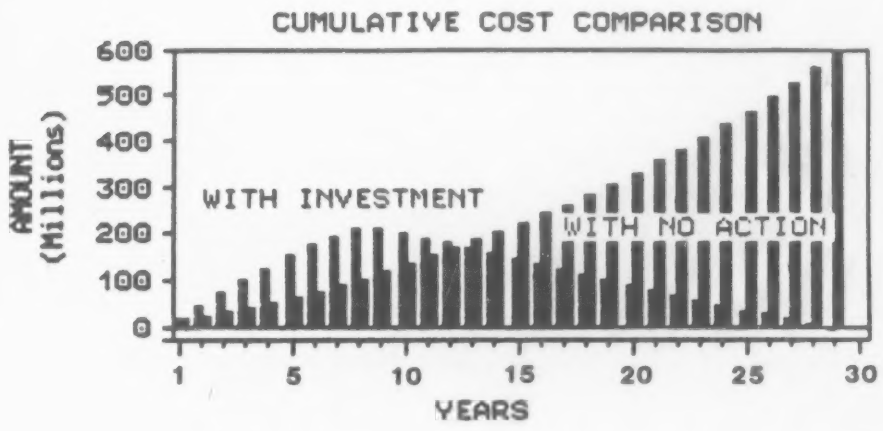
Graph



Graph 3, PROJECTED INCOME/COST TREND, illustrates the projected rental income the Service can expect to collect due to improved conditions to existing units and new rents collected from newly constructed units versus the reduced maintenance expenses the Service can expect to incur once the rehabilitation/construction period begins.



Graph 4, CUMULATIVE COST COMPARISON, illustrates the net costs of investment in housing compared to the expenses and losses the Service will incur if no action is taken over a general time period.



APPENDIX B—DESIGN AND COST CONSIDERATIONS

DESIGN CONSIDERATIONS

Because of location, use, and other unique factors, special design considerations must be made for each and every housing unit that is constructed in any part of the National Park System. It must be designed to be as much a part of the natural setting as possible, yet be well built and functional.

Management policy requires the design of park housing to follow departmental design standards (Interior Property Management Regulations 114-51); minimize impacts on park values; comply with the requirements of quality design; and consider regional design and construction influences.

DESIGN STANDARDS

The governmentwide standards for the design of employee housing have their foundations in OMB Circular A-18 (revised). Allowed to stand on its own (without subsequently imposed limitations), A-18 provides more of an opportunity than a constraint in the design of adequate and equitable employee housing. The standard establishes allowable ranges for net floor area, mix of housing unit sizes, and the number and type of rooms. More importantly, A-18 allows considerable flexibility in the size and features of houses to accommodate the remoteness factor justifying the housing. Of particular application to park housing are provisions for the following:

- additional interior space in isolated areas lacking normal community facilities, or where weather conditions cause long periods of confinement
- adjustments in the mix of two, three, and four bedroom units to reflect national trends in family size and the agency's experience or changes in staffing patterns
- detached housing where justified by safety, morale, or recruitment concerns
- additional storage space to offset distant shopping opportunities
- office-in-home, mudroom, or additional shower where required by the employee's duties
- exceptions to the standards for housing constructed outside the continental United States
- designs and costs to reflect comparable housing normally constructed in the local area

Unfortunately, much of A-18's adaptability for regional and park influences was stripped in the early 1960s by congressionally imposed limitations on the design features and unit cost of housing. These restrictions were imposed in an effort to make certain that opulent housing was not constructed. Both limitations were adopted into the property management regulations of the Department of the Interior. However, the National Park Service has discussed these limitations with departmental officials, and they are willing to review the imposed restrictions based on NPS concerns and those of other bureaus that have need for employee housing with special design concerns.

The design standards established by House Conference Report 2049 (1962) added the allowance of garages or carports in severe climate areas, but significantly reduced the living quality of employee housing attainable under A-18 standards. The restrictions included the following:

> Designs to be simple with no features that increse cost such as irregularities in rough framing. (This stifles regionally responsive architecture by discouraging indigenous elements such as cupolas for natural chimney effect ventilation and cross-gables to shed snow away from entryways.)
>
> Floor area to not exceed 1,250 square feet for two-bedroom dwellings or 1,300 square feet for three-bedroom dwellings. (The additional space allowed in A-18 for office-in-home or indoor recreation became unattainable with these floor area limitations. It is curious that the allowable square footage set for two-bedroom units is at the "maximum" level by A-18 standards, while the three-bedroom unit with more residents is less than "normal" square footage.)
>
> No four-bedroom residences. (Although the trend may be toward smaller families, the increased number of remarriages often combines children into new large families. Elimination of four-bedroom residences also precludes the opportunity of a space room for recreation, guests, or as an office.)

The congressional limit on the unit-cost of housing included design and construction costs but excluded utilities beyond 5 feet from the outer walls of the structure. Unlike the cost guidelines of A-18, the congressional limitation made no allowance for regional influences and also extended application to housing in Alaska, Hawaii, and the Territories. These restrictions have now been removed.

It is interesting to note the effect of cost ceilings. In 1964, the unit-cost limitation was $20,000. The limitation was subsequently raised to $29,000 in 1969, $45,000 in 1974, and $65,000 in 1979. If averaged, the increases equate to a reasonable 8 percent compounded inflation factor.

Unfortunately, the increases were not annual but rather every five years. Each increase raised the limitation to a fair level for that year or possible the anticipated level for the next year. Without provision for an automatic escalation factor, it took only a couple of years before the cost of standard dwelling unit exceeded the imposed ceiling. Park housing thus experienced reduction in size, shaving of quality, grouping into higher densities, and construction by various methods to effect cost savings. Stripping livability and lifespan out of park housing for the sake of low initial cost has proven false economy. Employee morale suffers and maintenance requirements increase.

IMPACTS ON PARK VALUES

The National Park Service has a stewardship role in the protection and preservation of our nation's natural and cultural resources. Consistent with this responsibility, park housing must be designed to minimize physical impacts and visual intrusion on the resources of the park. Housing should be located in low-resource value areas, yet demonstrate the agency's professionalism in land use and sensitivity to the environment. Massing, scale, and materials should emphasize harmony rather than dominance of the site. Clustering of individually defined units often provided a workable solution to the conflicting needs of employee identity/privacy and conservation of land/development costs.

QUALITY DESIGN

Quality design requires the resolution of both programmatic and technical components. In the design of quality rental housing, the program requirements include owner needs and tenant needs while the technical component consists of building code regulations.

As the owner of over 5,000 housing units, the Service requires designs that will produce durable, maintenance-free, energy-conservative, and cost-effective dwellings. Park housing is rented to responsible employees, but missing is the tender-loving-care of proud homeowners with a commitment to protect their personal investment. If durable materials and dependable equipment are sacrificed for the sake of low initial cost, the park will be burdened with high costs for the long-term operation and maintenance. If housing units are not energy-efficient, not only is the agency's resources conservation image tarnished, but the higher utility costs will discount the rent that can be charged, and operation and maintenance funds suffer. Life-cycle costing rather than low initial costs must guide the design of quality housing.

As the prime tenant of NPS housing, park employees are often faced with being too far from the "outside" world and too close to the "inside" world. Their needs center on offsetting the effects of "remoteness" and a "company town." The design of quality park housing must provide opportunities for community and privacy, equality and individuality.

Another user need is recreation. Recreation allows employees to enjoy or escape their isolation or co-workers. The type of employee wanting to work for the National Park Service and agreeable to remote duty stations usually has strong outdoor recreation interests. This is verified by the assortment of outdoor camping and recreational equipment, boats, motorcycles, snowmobiles, camper units, and off-road vehicles typically found in park housing areas. Two additional design considerations emerge--how to keep housing areas from being cluttered by recreational equipment, and how to address strong recreational demands in areas closed in by long periods of bad weather.

The technical requirements of quality housing design are that the end product be safe, sanitary, affordable, and energy-efficient. Unlike 30 years ago, the Service now must meet the requirements of state and local building codes. With park housing located throughout the entire United States, no one set of house plans and specifications will meet every state's codes. The industrialized housing industry has been faced with this same problem and is lobbying for adoption of a singular national building code. In the meantime, park housing designs must be tailored to meet individual regional code requirements.

REGIONAL DESIGN INFLUENCES

Sun, wind, temperature, and humidity combine in different proportions to create unique environments in each geographical area of the country. Before technology, transportation, and cheap energy sources generated today's homogenous national designs, housing styles reflected their regional influences. Design features, materials, and construction techniques capitalized on the assets of the local environment and respected its liabilities. In the Southeast, the moist climate supported tree growth but combined with hot temperatures to make uncomfortable living conditions both day and night. Houses in this environment were built of wood and designed to maximize shading and ventilation. In contrast, the indigenous style of the hot-dry Southwest recognized large day-to-night temperature swings and a limited availability of wood. Houses were built of earthen materials with massive walls to dampen the extremes between hot days and cool nights. Given the vast geographic

and environmental extremes where park housing is required, one standard design cannot reflect the most practical use of local building strategies and materials for every region of the country. Instead, standard floor plans should provide a base guideline for equality and legislative compliance and then be modified to capitalize on the indigenous passive heating, cooling, and ventilation opportunities, local materials, and construction techniques of the area.

COST CONSIDERATIONS

A comparison of the size and quality of housing constructed in the early 1960s as a part of the MISSION 66 program with recently constructed park housing reveals a reduction in size, features, quality, and lifespan as a result of unrealistic cost limitations. Even though the congressionally imposed unit-cost ceiling of $65,000 has been lifted, the National Park Service must still justify why park housing costs more than "the national average." In 1986, private sector costs ranged from an average cost of $40 per square foot for tract housing to $55 per square foot for custom houses. Comparably sized park housing was estimated to range from $65 to $80 per square foot. Part of the increased cost can be attributed to the special design considerations (addressed previously) that are included in park housing and not in private sector housing. Other factors increasing costs are location and size of project, government contracting requirements, and park restrictions.

LOCATION AND SIZE OF PROJECT

A large percentage of park housing is required and justified on the basis of remoteness. Variations in wage rates, labor efficiency, union restrictions, and material prices will result in local fluctuations in construction costs. Beyond 20 miles of a city, construction costs are increased further by extra mobilization of equipment, transportation of materials, travel time and per diem for the labor force, and by the reduced number of contractors willing to bid on a job in an unfamiliar area. The remote location factor for parks in the contiguous states ranges from 15 to 35 percent. Hawaiian park construction has a remote location factor of 50 percent over California construction, and Alaskan parks have a remoteness factor of 100 percent over construction costs in Washington State. A recent estimate for a housing project in Yosemite National Park found Fresno, California, to be the closest cost index city to the El Portal site at Yosemite. Fresno construction costs average 10.5 percent above the national average and the remote location of El Portal from Fresno adds another 15 percent! "Location alone can drive residential construction costs at El Portal 25 percent above the national average." The National Park Service has many areas that would fall into a unique category where costs would be higher because of their location.

The average unit-cost of housing is also increased when, as in the case of park housing, only a few units are built at one time. The contractor's overhead costs such as bidding, mobilization, project administration, and the learning curve of the labor force must be absorbed by the number of units built (the fewer units built, the higher the burden per unit). Additionally, small scale housing projects preclude volume discounts on materials and the efficient scheduling and rotation of skilled labor crews from one house to the next.

GOVERNMENT CONTRACTING REQUIREMENTS

Experience shows that construction contractors figure approximately another 20 percent into their cost estimates to cover "the cost of doing business with the Government." Federal contracting laws, restrictions, and procedures cost the contractor extra time and/or money which in turn increases bid prices. Some examples are as follows:

The Davis-Bacon Act fixes the wage rates that must be paid on government projects. On private sector jobs, contractors are free to negotiate lower rates.

The Buy American Act restricts a contractor's options for lower material costs.

Government specifications do not allow the government to negotiate with the contractor to lower prices, whereas a private developer has this option.

The contractor will factor into his costs time delays due to slow committee decisions, a nonpersonal relationship with the government, highly detailed government plans and specifications, a full-time government construction supervisor looking over his shoulder, more than the usual amount of forms and paperwork to be processed, and delays in receiving payments for work completed.

Park restrictions are as follows:

Construction activities are confined within tight physical limits to minimize disturbance to the natural/cultural resources of the park. Material storage often must be off-site.

Construction activities must not interfere with park operations, visitor activities, or concession operations. Frequently the time period allowed for construction must be compressed or restricted to the off-season and less desirable weather conditions. Bid prices will be increased if a contractor foresees overtime or downtime to comply with schedule restrictions.

An Act To establish a National Park Service, and for other purposes approved August 25, 1916 (39 Stat. 535)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby created in the Department of the Interior a service to be called the National Park Service, which shall be under the charge of a director, who shall be appointed by the Secretary and who shall receive a salary of $4,500 per annum. There shall also be appointed by the Secretary the following assistants and other employees at the salaries designated: One assistant director, at $2,500 per annum; one chief clerk, at $2,000 per annum; one draftsman, at $1,800 per annum; one messenger, at $600 per annum; and, in addition thereto, such other employees as the Secretary of the Interior shall deem necessary: *Provided*, That not more than $8,100 annually shall be expended for salaries of experts, assistants, and employees within the District of Columbia not herein specifically enumerated unless previously authorized by law. The service thus established shall promote and regulate the use of the Federal areas known as national parks, monuments, and reservations hereinafter specified by such means and measures as conform to the fundamental purpose of the said parks, monuments, and reservations, which purpose is to conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations. (U.S.C., title 16, sec. 1.)

National Park service established. Director, etc., to be appointed. (Amended by 42 Stat. 1488 "Reclamation Act.")

Limit for experts.

Purpose defined.

Sec. 2. That the director shall, under the direction of the Secretary of the Interior, have the supervision, management, and control of the several national parks and national monuments which are now under the jurisdiction of the Department of the Interior, and of the Hot Springs Reservation in the State of Arkansas, and of such other national parks and reservations of like character as may be hereafter created by Congress: *Provided*, That in the supervision, management, and control of national monuments contiguous to national forests the Secretary of Agriculture may cooperate with said National Park Service to such extent as may be requested by the Secretary of the Interior (U.S.C., title 16, sec. 2.)

Director. Control of national parks, etc.

National monuments contiguous to national forests.

Sec. 3. That the Secretary of the Interior shall make and publish such rules and regulations as he may deem necessary or proper for the use and management of the parks, monuments, and reservations under the jurisdiction of the National Park Service, and any violations of any of the rules and regulations authorized by this Act shall be punished as provided for in section fifty of the Act entitled "An Act to codify and amend the penal laws of the United States," approved March fourth, nineteen hundred and nine, as amended by section six of the Act of June twenty-fifth, nineteen hundred and ten (Thirty-sixth United States Statutes at Large, page eight hundred and fifty-seven). He may also, upon terms and

Regulations for management, etc., to be made.

Punishment for violations. (Amended by 41 Stat. 1225. See p. 11.)

Disposal of timber.

conditions to be fixed by him, sell or dispose of timber in those cases where in his judgment the cutting of such timber is required in order to control the attacks of insects or diseases or otherwise conserve the scenery or the natural or historic objects in any such park, monument, or reservation. He may also provide in his discretion for the destruction of such animals and of such plant life as may be detrimental to the use of any of said parks, monuments, or reservations. He may also grant

Leases, etc., for accommodation of visitors.

privileges, leases, and permits for the use of land for the accommodation of visitors in the various parks,

(Amended by 43 Stat. 236. See p. 11.)

monuments, or other reservations herein provided for, but for periods not exceeding twenty years; and no natural curiosities, wonders, or objects of interest shall be leased, rented, or granted to anyone on such terms as to interfere with free access to them by the public: *Provided, however*, That the Secretary of the Interior may, under such rules and regulations and on such terms as

Grazing permits.

he may prescribe, grant the privilege to graze live stock within any national park, monument, or reservation herein referred to when in his judgment such use is not detrimental to the primary purpose for which such park,

Yellowstone Park excepted.

monument, or reservation was created, except that this provision shall not apply to the Yellowstone National Park. (U.S.C., title 16, sec. 3.)

Rights of way not affected.

SEC. 4. That nothing in this Act contained shall affect or modify the provisions of the Act approved February fifteenth, nineteen hundred and one, entitled "An Act relating to rights of way through certain parks, reservations, and other public lands." (U.S.C., title 16, sec. 4.)

Vol. 31, p. 790. (See p. 2.)

Excerpt from "An Act to accept the cession by the State of California of exclusive jurisdiction of the lands embraced within the Yosemite National Park, Sequoia National Park, and General Grant National Park, respectively, and for other purposes," approved June 8, 1920 (41 Stat. 732)

Vol. 39, p. 535, amended. See p. 8.

Section 3 of the Act of Congress approved August 25, 1916 (39 Stat. 535), entitled "An Act To establish a National Park Service, and for other purposes," is hereby amended by striking therefrom the words "and any violations of any of the rules and regulations authorized by this Act shall be punished as provided for in section 50 of the Act entitled 'An Act To codify, revise, and amend the Penal Laws of the United States,' approved March 4, 1909, as amended by section 6 of the Act of June 25, 1910 (Thirty-sixth United States Statutes at Large, page 857)," and inserting in lieu thereof the words

Punishment modified.

"and any violation of any of the rules and regulations authorized by this Act shall be punished by a fine of not more than $500 or imprisonment for not exceeding six months, or both, and be adjudged to pay all cost of the proceedings." (U.S.C., title 16, sec. 3.)

Public Law 88-459

AN ACT

August 20, 1964
[S. 1833]

To authorize Government agencies to provide quarters and facilities to civilian officers and employees of the Government, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That, for the purposes of this Act—

Federal employees: Quarters and facilities. Definitions.

(1) "Government" means the Government of the United States of America.

(2) "agency" means—

(A) each executive department of the Government;

(B) each agency or independent establishment in the executive branch of the Government;

(C) each corporation owned or controlled by the Government, except the Tennessee Valley Authority; and

(D) the General Accounting Office.

(3) "employee" means a civilian officer or employee of an agency.

(4) "United States" means the several States of the United States of America, the District of Columbia, the territories and possessions of the United States, and the Commonwealth of Puerto Rico.

(5) "quarters" means quarters owned or leased by the Government.

(6) "facilities" means household furniture and equipment, garage space, utilities, subsistence, and laundry service.

(7) "member" and "uniformed services" have the meanings given them by section 101 of title 37, United States Code.

SEC. 2. Whenever conditions of employment or of availability of quarters warrant such action, the head of each agency may provide, directly or by contract, any employee stationed in the United States, with quarters and facilities.

76 Stat. 451.

SEC. 3. Rental rates for quarters provided for an employee under section 2 of this Act or occupied on a rental basis by an employee or a member of the uniformed services under any other provision of law, and charges for facilities made available in connection with the occupancy of such quarters, shall be based on the reasonable value of the quarters and facilities to the employee or the member of the uniformed services concerned, in the circumstances under which the quarters and facilities are provided, occupied, or made available. The amounts of such rates and charges shall be paid by, or deducted from the salary of, such employee or member of the uniformed services, or otherwise charged against him in accordance with law. The amounts of payroll deductions for such rates and charges shall remain in the applicable appropriation or fund, but, whenever payment of such rates and charges is made by any other method, the amounts of payment shall be credited to the Government as provided by law.

Rental rates.

SEC. 4. Whenever, as an incidental service in support of a program of the Government, any quarters and facilities are provided, by appropriate authority of the Government, to any person other than an employee or a member of the uniformed services, the rates and charges therefor shall be determined in accordance with this Act. The amounts of the payments of such rates and charges shall be credited to the Government as provided by law.

SEC. 5. An employee or a member of the uniformed services shall not be required to occupy quarters on a rental basis unless the head of the agency concerned shall deter-

mine that necessary service cannot be rendered, or that property of the Government cannot adequately be protected, otherwise.

SEC. 6. The President may issue regulations governing the provision, occupancy, and availability of quarters and facilities, the determination of rates and charges therefor, and other related matters, as are necessary and appropriate to carry out the provisions of this Act. The head of each agency may prescribe and issue such regulations, not inconsistent with the regulations of the President, as may be necessary and appropriate to carry out the functions of such agency head under this Act. Regulations.

SEC. 7. Section 3 of this Act shall not be held or considered to repeal or modify any provision of law authorizing the provision of quarters or facilities, either without charge or at rates or charges specifically fixed by law.

SEC. 8. Section 3 of the Act of March 3, 1928 (45 Stat. 193; 5 U.S.C. 73a), is hereby repealed. Repeal.

SEC. 9. The foregoing provisions of this Act shall become effective on the sixtieth day following the date of enactment of the Act. Effective date.

Approved August 20, 1964.

TITLE 5 - GOVERNMENT ORGANIZATION AND EMPLOYEES

§5536. Extra pay for extra services prohibited.

An employee or a member of a uniformed service whose pay or allowance is fixed by statute or regulation may not receive additional pay or allowance for the disbursement of public money or for any other service or duty, unless specifically authorized by law and the appropriation therefor specifically states that it is for the additional pay or allowance. (Pub. L. 89-554, Sept. 6, 1977, 80 Stat. 484)

Historical and Revision Notes

Derivation	U.S. Code	Revised Statutes and Statutes at Large
——	5 U.S.C. 51	R.S. §170.
——	5 U.S.C. 69 (less 1st 34 words)	R.S. §1764 (less 1st 34 words).
——	5 U.S.C. 70	R.S. §1765.
——	5 U.S.C. 71	June 20, 1874, ch. 328, §3.18 Stat. 109. Sept. 3, 1954, ch. 1263, §7.68 Stat. 1228.

Sections are consolidated as R.S. §1765 includes the scope of R.S. §170, R.S. §1764, and the Act of June 20, 1874, as amended. So much of R.S. §1764 as relates to details is covered by section 5535.

R.S. §170 was part of title IV of the Revised Statutes, The Act of July 26, 1947, ch.343, §201(d), as added Aug. 10, 1949, ch. 412, §4.63 Stat.579 (former 5 U.S.C. 171-1), which provides "Except to the extent inconsistent with the provisions of this Act (National Security Act of 1947), the provisions of title IV of the Revised Statutes as now or hereafter amended shall be applicable to the Department of Defense" is omitted from his title but is not repealed.

Standard changes are made to conform with the definitions applicable and the style of this title as outlined in the preface to the report.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 3343, 5922, 5942, 5947 of this title; title 22 section 2389; title 39 section 1001.

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

October 18, 1957 CIRCULAR NO. A-18
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Policies on construction of family housing

1. Purpose. This Circular sets forth policies for budgeting, planning, and undertaking the construction of federally owned housing (exclusive of military barracks) for Federal personnel and for employees of Government contractors. This revision replaces the version dated July 22, 1953, to effect the following changes: (a) to restate the policies, providing generally for stricter conditions and criteria for justifying construction, and for more flexibility in the size and features of the housing, and (b) to promulgate a revision, dated May 1957, of the booklet "Design Standards for Construction of Permanent Family Housing for Federal Personnel," as part of this Circular. The term "construction" includes conversions of structures for dwelling purposes.

The policies and standards will be used by the Bureau of the Budget in considering agency estimates and apportionment requests for funds for family housing. They will apply to construction of housing for civilian and military personnel (either rental housing or public quarters), both within the continental United States and overseas. Unless exceptions are specifically justified in connection with budget estimates or apportionment requests and approved in action on them by the Bureau of the Budget, budget allowances and apportionments of funds for family housing will be subject to these standards.

2. Determination of whether construction is appropriate. It is the policy of the Government not to provide housing for civilian employees except where necessary to maintain the continuity and efficiency of service, and in no case will the Government construct family housing for civilian or military personnel if private capital can be found to do the financing (either by privately financed Capehart military housing or by community support). The construction of housing must be justified positively under one or more of the following three conditions:

a. Public quarters. Where the law authorizes the provision of housing without charge (e. g., military public quarters).

b. Requirements of service or protection. Where it is determined by the head of the agency that necessary service cannot be rendered or property of the United States cannot be adequately protected unless certain employees are required to live in Government quarters at the station. In such cases, it must be positively demonstrated that these ends cannot be met if the personnel for whom housing is to be constructed are permitted to live away from the station, even in the immediate vicinity.

c. Lack of available housing. At remote stations, foreign service posts, or under other circumstances where the head of the agency determines that necessary service cannot be rendered unless Government-owned houses are constructed for employees. In such cases, the agency head's determination must be based on his supported finding that the available supply--present and prospective--of governmental and private housing within reasonable commuting distance will not meet the necessary housing requirements. In determining the adequacy of the available supply,

consideration must be given to any additional private housing that can be reasonably expected to be constructed or otherwise become available.

Available housing will usually include both that which is for sale and that which is for rent, except that in those situations where it is the practice of the agency to rotate personnel between stations at intervals of approximately three years only rental housing need be considered available. For such situations, the agency should demonstrate that its personnel rotation system is reasonable and contributes to the effective prosecution of its program.

Reasonable commuting distance will generally be considered that distance which requires travel time of not more than two hours per round trip by automobile or public transportation, or an expense per person of not more than one dollar per round trip by public transportation (except in metropolitan areas). This general rule can be modified by the agency for military necessity or for requirements of service or protection, or if it can be shown that the time and cost involved in commuting would create a hardship upon employees, that local commuting habits in the area differ materially, or that public transportation is not and cannot be made readily available.

Insufficiency or inadequacy of the housing supply can be demonstrated by showing that one or more of the following conditions exist and are likely to be of extended duration: that housing cannot be located through realtors or advertisement; that the available housing is substandard by reasons of design, construction, or location or that, because of size, it is considerably more costly than employees can afford; or that employees subject to rotation cannot obtain leases permitting them to vacate on thirty days notice, at prevailing rental rates.

Where seasonal demands of the agency's program or remoteness of the station would make housing and transportation costs together unreasonably high, and where such conditions jeopardize the agency's ability to maintain a qualified staff, modification of the conditions herein established may be justified to the Bureau of the Budget in order to provide suitable housing.

3. Determination of number of families to be housed and pattern of housing required. The agency should determine the number of families to be housed under the particular circumstances and the probable pattern of family size and composition by a statistical study of families and numbers of dependents within the service or agency adjusted for agency experience, changes in staffing patterns, and national trends in family size. Most frequently, the agency will be adding a limited number of houses at a station where some housing already exists. Under these circumstances, the agency should first make certain that existing housing is properly assigned. After ascertaining that there is a proper utilization of existing housing, the agency should determine what further construction, if any, is required to establish a proper pattern of housing at the station. The determination must discount temporary and unusual peak numbers of employees at the station, but not necessarily recurring requirements for seasonal employees who must be housed. Three general situations with basically different housing requirements are likely to occur.

a. Small station: Where only 1 to 5 Government houses are to be supplied at a station, it is likely that no stable family pattern can be predicted on a statistical basis. The most reasonable method of meeting the housing requirement under these circumstances is to supply three 3-bedroom houses, one 2-bedroom house, and one 4-bedroom house.

b. Medium-size station: Where 5 to 25 Government houses are to be supplied, the group is probably still too small to expect a stable family pattern, but the group is too large to permit building all houses the same size. Under these circumstances, the agency should seek to develop a flexible housing supply, if possible. However, in view of family size trends, it would be best to construct mostly 3-bedroom houses, with a smaller number of 2-bedroom houses, and a few 4-bedroom houses.

c. Large station: Where more than 25 Government houses are to be supplied, it is reasonable to expect that a fairly stable family pattern exists. Under these circumstances, the agency should determine what this pattern is, as described above, and, utilizing the table given below, should plan to provide the appropriate number and distribution of rooms. At military installations the probable number of personnel entitled to family housing quarters by grade, rank, and position will determine the family housing requirements. In the table of net floor areas given below, the normal construction limits will govern the maximum areas of houses being constructed, except that agencies may construct up to the statutory or maximum limitation for housing for commanding officers and in unusual circumstances. The numbers of rooms will be governed by the table below showing relation between number of bedrooms and net square footage areas. The Bureau of the Budget will consider exceptions under special circumstances only when fully justified.

4. Types of family dwellings to be constructed. Family dwellings similar in type to acceptable dwellings normally built in the local area will be constructed whenever practicable, with full advantage being taken of the economy of construction and maintenance of multiple-family dwellings--apartment, row, or duplex. The construction of single family dwellings may receive special consideration in locations where remoteness of the station from other community facilities makes it undesirable from the standpoint of safety, employee morale, recruitment and retention of personnel, and satisfactory living conditions under adverse circumstances to house employees in multiple-family dwellings.

5. Prospective rental levels and their effect on construction. The type of dwellings to be constructed will also be governed by the amount of rent that the occupants can afford to pay (public quarters excepted). Rents are required to be based on prevailing rates in the local market for comparable accommodations (see Bureau of the Budget Circular No. A-45). Hence, care must be taken to be sure that dwellings would rent at rates within the reach of employees to be housed. In cases where there are large numbers of high-salaried personnel who would normally rent larger houses than are usually provided on the station and where the ability to hold such employees in Government service may be dependent upon the housing available, agencies may construct a limited number of larger houses upon securing specific advance approval from the Bureau of the Budget.

6. Determination of the number of rooms to be provided in family housing. The number of rooms to be provided must be based on the size and normal composition of families to be housed. Consideration should be given to the trend toward larger families, but agencies should not build all units to accommodate large families. It is permissible to provide larger houses for civilian directors or military commanders of large stations, for military officers of general or flag rank, chiefs of Foreign Service missions, Foreign Service officers with the rank of career minister, and to a limited extent for higher salaried personnel who can afford to and will pay commercially comparable rents for superior quarters. The table below indicates the number of rooms and bedrooms which should normally be planned for families of varying sizes. Again,

the Bureau of the Budget will consider justified exceptions depending upon the remoteness of the small or medium-size station and the extent to which the family is isolated from normal community facilities.

No. of persons in household	No. of rooms to be provided*	No. of bedrooms	No. of baths
2-3	4	2	1
4	5, 5½, or 6	3	1 or 1½
5	5½, 6, or 7	3 or 4	1½ or 2
6	7	4	2

* A room is a living space of not less than the minimum size set forth in "Design Standards for Construction of Permanent Family Housing," such as a living room, bedroom, kitchen, finished attic or basement, or other suitable living space. A half room is a small space used for living purposes, such as a dinette, breakfast-nook, dressing room, or reception room. No count is made of bathrooms, strip or pullman kitchens, halls or foyers, alcoves, pantries, laundries, storage or utility rooms, or unfinished attics and basements.

7. Net areas of houses. Net area is defined as space inside exterior or party walls, excluding only attic, garage, and basement (or service and storage space in lieu of basement). The net areas shown below may be increased 10 percent (a) if outside the continental United States, (b) for commanding officers or civilian heads of large installations, or (c) under conditions of extreme isolation where the family may be confined to the home for long periods due to weather conditions or lack of community facilities within reasonable distance. The minimum floor areas below represent the limit below which it is not deemed advisable to go when building permanent housing; such minimum areas should be used only for multiple-family dwellings. Maximum floor areas represent the limit above which Federal funds need not be invested to provide housing reasonably commensurate with income for all but the highest income groups.

Although agencies cannot always determine the grades of the occupants, there is a normal range of grades for the personnel who are required or permitted to occupy Government housing on the station. The minimum size for the number of bedrooms needed should be provided for those in the lowest grades in order that the housing may not be more expensive than the occupants could be expected to rent if they were securing their own quarters commercially. Larger quarters may be provided for progressively higher grades up to the maximums for personnel at and above general schedule grade 14 and ranks equivalent to the military rank of colonel.

MAXIMUM AND MINIMUM NET FLOOR AREAS PER DWELLING UNIT 1/

(square feet)

	1 Bedroom 2/	2 Bedrooms	3 Bedrooms	4 or more Bedrooms
Minimum 3/	550	750 5/	960 5/	1,190 5/
Normal 4/	730	1,000	1,415	1,670
Maximum	810	1,250 6/	1,670 6/	2,100 6/, 7/

1/ Net area is space inside exterior or party walls, excluding only attic, garage, and basement (or service and storage space in lieu of basement).

2/ For multi-family or apartment construction only. No one bedroom houses should be built.

3/ Any construction proposed to provide less square footage than these minimums must be specifically approved by the Bureau of the Budget.

4/ Budget estimates will not be considered for construction beyond these normal limits unless accompanied by a specific determination of the agency head that up to the specified maximums are necessary.

5/ Applies to flats or multi-family construction. Not recommended for single or duplex houses.

6/ Applies to single family houses without basements for higher salaried personnel only.

7/ Larger areas may be considered by the Bureau of the Budget on special justification for heads of large stations, flag officers, or in unusual circumstances only.

8. Special features. Special features may be provided to meet special work or isolation conditions. This includes: extra rooms with outside doors for the employee whose home is also his work headquarters; special access to bath or shower rooms without going through the house where the employee's work is particularly dirty and shower facilities are not provided in work buildings; fireplaces in remote areas where wood is readily available and the fireplaces would serve a practical purpose; extra storage space and facilities where distances to market are such as to necessitate purchasing food and other supplies in quantity; some space for recreation purposes where families may be confined to the house for long periods of time during bad weather conditions. Provision may be made for other special features, such as air conditioning, only where they are customarily provided in rental housing in the area.

9. Design standards. At the request of the Bureau of the Budget, the Housing and Home Finance Agency, with suggestions from the affected agencies, has revised the booklet, "Design Standards for Construction of Permanent Family Housing for Federal Personnel." The standards have been brought up to date with technological developments in the housing field. The purpose of the booklet is to assist and guide agencies in planning construction of permanent family housing so as to provide standards of livability, durability, safety, and sanitation which will be adequate without imposing an unreasonable and uneconomical burden upon the Government.

10. Compliance with design standards. Agencies shall plan new construction of family housing in accordance with the standards and

policies of the booklet and this Circular. Budget requests and apportionment requests for this purpose shall be based upon compliance with the approved design standards and the provisions of this Circular. The square-foot construction cost should not exceed that generally recognized as prevailing in the area for non-Federal dwellings of similar size and type of occupancy. Exceptions may be made by those agencies constructing housing outside the continental United States where climatic conditions or local building codes and restrictions prevent compliance. Any other exceptions should be plainly set forth in the budget or apportionment request.

11. Copies of the design standards. The booklet is being distributed in limited quantities with this Circular and to those agencies which submitted special orders under the initial printing requisition. Additional copies may be purchased from the Superintendent of Documents.

PERCIVAL F. BRUNDAGE
Director

Attachment

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON D.C. 20503

August 23, 1967

CIRCULAR NO. A-18
Revised
Transmittal Memorandum No. 1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Policies on construction of family housing

1. Purpose. This Transmittal Memorandum amends Circular No. A-18, Revised, dated October 18, 1957, by setting forth a revised policy on air conditioning of living quarters for Government personnel. This amendment replaces the last sentence of paragraph 8. The term "air conditioning" is used here to mean the process of cooling air either through evaporation of water (evaporative cooling) or refrigeration (mechanical or absorption), and the distribution of such air.

2. Amendment. The following paragraphs are added under "8. Special features."

Air conditioning may be installed in personnel living quarters at locations where weather data establishes that during the six warmest months of the year one of the following climatic conditions exists under the following categories:

a. New construction and existing buildings. The dry bulb temperature is 93° F or higher for an average of 155 or more hours per year using three of five consecutive years, and the wet bulb temperature is 73° F or higher for an average of less than 160 hours per year during the same three years.

b. New construction

(1) The wet bulb temperature is 67° F or higher for an average of more than 1,400 hours per year using three of five consecutive years, or

(2) The dry bulb temperature is 80° F or higher for an average of more than 1,100 hours per year using three of five consecutive years.

c. For existing buildings

(1) The wet bulb temperature is 67° F or higher for an average of more than 1,800 hours per year for three of five consecutive years, or

(2) The dry bulb temperature is 80° F or higher for an average of more than 1,300 hours per year for three of five consecutive years.

Air conditioning permitted by the climatic conditions described in paragraph a. above should employ "evaporative cooling" when engineering studies indicate it is feasible and more economical than refrigeration systems to install and operate.

It is suggested that departments and agencies initiate a priority system for installing air conditioning in existing personnel living quarters to insure that the air conditioning of quarters in the warmest areas under these criteria is completed first.

PHILLIP S. HUGHES
Acting Director

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D.C. [illegible]

March 28, 1984

CIRCULAR No. A-45
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Policy Governing Charges for Rental Quarters and Related Facilities

1. Purpose. This Circular sets forth policies and administrative guidance to be used by executive agencies in establishing and administering rental rates and other charges for Government-furnished or leased rental quarters and related facilities.

2. Rescissions. This rescinds OMB Circular No. A-45, dated October 31, 1964, as amended.

3. Authority. This Circular is issued by virtue of the authority vested in the President by 5 U.S.C. 5911(f), and delegated to the Director of the Office of Management and Budget by Section 9 of Executive Order 11609 of July 22, 1971.

4. Coverage. The provisions of this Circular apply to all Government rental quarters located within the fifty States, the District of Columbia, and the territories and possessions of the United States.

5. Policy. It is the policy of the Federal Government that:

a. Rental rates and charges for Government quarters and other facilities will be based upon their "...reasonable value ... to the employee... in the circumstances under which the quarters and facilities are provided, occupied or made available" (5 USC 5911). As intended by the Congress, reasonable value to the employee or other occupant is determined by the rule of equivalence; namely, that charges for rent and related facilities should be set at levels equal to those prevailing for comparable private housing located in the same area, when practicable; and

b. Federal employees whose pay and allowances are fixed by statute or regulation may not receive additional pay and allowances for any service or duty unless specifically authorized by law (5 USC 5536). Consequently, rents and other charges may not be set so as to provide a housing subsidy, serve as an inducement in the recruitment or retention of employees, or encourage occupancy of existing Government housing.

When properly determined in accordance with the provisions of this Circular, rental rates will be fair to both the Government and the employee (or other authorized occupant), be set so as to maintain fairness between the employee in Government quarters and the employee who lives in private-sector leased housing, and not serve as an obstacle in recruiting or retaining employees. Such rental rates, moreover, should reflect a consistent local pattern for all Federal quarters in a given location.

6. Definitions.

a. Base rental rate. The base rental rate is the rental value of the quarters, established in accordance with the provisions of this Circular, before applying any administrative adjustments or charges for related facilities.

b. Comparable housing. Comparable housing is housing in the private sector which is generally equivalent in size to the rental quarters, with the same number of bedrooms, and with generally equivalent amenities and related facilities. Such housing is housing available on a landlord-tenant basis, with rental rates reflecting the fair market value of the accommodations. This is distinguished from housing rented on an "employer-employee" basis or between friends and relations, for which other considerations may have influenced the rental rates. In addition, such housing as other Government-furnished housing (Federal, State or local) and housing provided by churches or religious societies are excluded from this definition of private housing.

c. Established community. An established community is ordinarily the nearest population center (Metropolitan Statistical Area or an incorporated or unincorporated city or town) having a year-round population of 1,500 or more (3,000 or more in Alaska), provided that it has minimum essential medical facilities (i.e., at least one physician and one dentist) available to occupants of Government quarters. Population determinations will be based upon the most recently published decennial census of the United States.

d. Reasonable value. Reasonable value for rental quarters is to be measured by the test of equivalence (i.e., what the employee would pay for comparable housing in the open market). Rental rates, including charges for related facilities when appropriate, will be based upon prevailing rates for comparable private housing located in the same general area, after taking into account those factors which reduce or increase the value of the housing to the tenant.

e. Related facilities. Related facilities are equipment, supplies and services made available in connection with the occupancy of quarters including, but not limited to, household furniture and equipment, garage space, utilities, subsistence, and trash and laundry services.

f. Rental quarters. Except as specifically excluded herein or by statute, the term "rental quarters," includes all furnished and unfurnished quarters supplied under specific Government authority to Government employees, contractors, contractor employees, and all other persons to whom housing is provided as an incidental service in support of Government programs. It includes, but is not limited to, Government-owned or leased single family dwellings, apartments, bunkhouses, dormitories, trailer pads, cabins, guard stations and lookouts, mobile homes, house trailers, permanent and semi-permanent tents, and housekeeping as well as nonhousekeeping units. The term excludes "public quarters" designated for occupancy by members of the uniformed services with loss of allowances, but it includes quarters occupied by such personnel on a rental basis under 37 U.S.C. 403(e), 42 U.S.C. 1594a(f) and 1594b, and other authorities.

7. Procedures.

a. Charges for quarters. The determination of reasonable value of Government-furnished quarters will be based upon an impartial study of comparable private rental housing. There are two methods which may be employed to determine the base rental rate. The first, an appraisal, involves direct comparison with individual private rental housing units. The second, the regional survey, creates a series of economic models based upon a survey of comparable private rental properties throughout the region. While both methods are accurate, agencies are encouraged to utilize the survey method, whenever possible, due to the costs and administrative burdens associated with conducting individual appraisals. Regardless of the method used, results of surveys and appraisals will be reviewed by the agency prior to implementation to assure that they are fair and reasonable, and that they were developed in accordance with the provisions of the Circular. Both methods are subject to the conditions and limitations set forth below.

(1) Appraisals

(a) Urban and suburban locations. If Government quarters are located in or within five miles of an established community, in an urban or suburban location, the base rental rate may be determined by either a staff or contract appraiser, applying recognized real estate valuation principles.

None of the administrative adjustments provided in paragraph 7c will be made for isolation, site amenities, space devoted to official use, or excessive heating or cooling costs when an appraisal is made in an urban or suburban location. These factors, if appropriate, will already have been considered by the appraiser in the appraisal process.

(b) Rural areas. When the appraisal method is used to determine the reasonable value of quarters which are not located in or within five miles of an established community, it will

be subject to the following limitations. To ensure a uniform approach to valuation when conducting an appraisal in such areas, the staff or contract appraiser will be limited to comparing the Government-furnished quarters with housing in the nearest established community. If there is no adequate rental market in the nearest established community which is not unduly affected by severe economic conditions, the appraiser may select comparable rental units from the next closest established community having a rental market. Such comparison will be limited to adjustments for the physical differences in the housing. The appraiser in such instances will not make adjustments for isolation or those site amenities listed in paragraph 7c(2). These adjustments will be made administratively in the same manner as authorized for regional surveys.

(2) Regional surveys. Regional surveys may be used in all locations where Government quarters are located. If the regional survey method is used, the base rental rates will be set by means of a series of economic models that utilizes typical rental rates for comparable private rental housing in the general area in which the Government quarters are located. (The actual analysis of rental data for the establishment of base rental rates may be accomplished using appropriate statistical techniques, such as step-wise multiple regression.)

To avoid duplication and inconsistent rates, all agencies with quarters in a given location should coordinate their survey plans and conduct a single survey applicable to all. The area selected for survey should be large enough to permit an adequate sampling of comparable rental properties in several established communities and may encompass one or more States. Ideally, the survey would establish the rental rates for a large number of Government quarters, thereby providing an economy to the Government. The methods of analysis must be capable of recognizing both the physical characteristics and the differences in economic conditions, and reflecting such differences in the base rental rates. Private rental housing samples reflecting extremely high or low rental rates should be excluded from the data base subjected to final analysis. In those communities where the rental rates are extremely high or low, the rental housing market should be reviewed periodically between surveys to determine whether changes in the private rental market warrant revision of the base rental rates for the quarters located near those communities. Appropriate adjustments may be made to the base rental rates established for quarters in accordance with the provisions of section 7c.

b. Charges for related facilities.

(1) Utilities. It is Government policy to minimize energy consumption. Consumption has been found to decrease when occupants of Government-furnished quarters are required to pay for the actual cost of utilities used (such as electricity, oil, natural gas, propane, telephone, cable television, water and sewer). Utilities should be furnished by a private company and billed directly to the occupant, whenever possible.

When Government-furnished utilities are provided, they should be metered or measured (e.g., a ton of coal), where practicable. The rate for utilities furnished by the Government will be the same as the residential rate for these utilities in the established community or survey area used in determining the base rental

rate. The consumed amount of Government-furnished utilities that are individually metered or measured will be determined by actual readings.

When Government-furnished utilities are not individually metered or measured, consumption will be determined on the basis of an analysis of the average amounts of utilities used in comparable private sector housing in the established community or survey area. (Such estimates are usually available from local utility companies.) Normally, utility charges will be clearly shown and separated from rent charges. Utility charges may be combined, however, in one charge for nonhousekeeping rooms.

(2) Furnishings. If there is an inadequate market of comparably furnished housing for purposes of comparison with furnished quarters, the rents on otherwise comparable unfurnished private units may be used as the base and adjusted by a reasonable charge for furnishings (i.e., household furniture and equipment). This adjustment should be based on actual replacement costs allocated over the useful life of the furnishings.

(3) Other services. Charges for other services provided by the Government including, but not limited to, laundry, trash and garbage removal, lawn care and snow removal will be based upon prevailing rates for such services in the established community or survey area.

c. Administrative adjustments. Application of the preceding guidelines might result in some instances in rental rates that are either higher or lower than "the reasonable value of the quarters." In such instances, adjustments in the form of additions to, or deductions from, the base rental rate are appropriate in the specific situations described below. The total amount deducted for all reasons must not be excessive, resulting in a rental rate to the occupant that is less than the reasonable value of the quarters, since this would constitute a supplement of salary in contravention of law. The rental rate, after all adjustments and the addition of charges for furnishings, must not be less than 50 percent of the base rental rate, unless an adjustment for isolation has been made. In such instances, the rental rate may be set at not less than 40 percent of the base rental rate.

(1) Isolated locations. In some cases, the Government supplies quarters in locations where minimal community services are available but only at some distance from the quarters. In addition, travel conditions or mode of transportation may serve to further isolate some employees from minimal community services. In such situations, the head of an agency shall grant a reasonable adjustment to ameliorate the direct economic effects of the isolation, utilizing the procedure described below and in Appendix A.

The nearest established community will be used as the community for calculating the deduction, even though that community may not serve as the location of the comparable private housing used in establishing the base rental rates. The mileage used in computing the adjustment will be the shortest route usually traveled from the rental quarters to the nearest established community. If that route is closed seasonally, a weighted average adjustment will be used for the entire year, based upon the number of months each route would ordinarily be used.

The adjustment is designed to recognize different categories of highways and modes of transportation. Because of the range of possible travel conditions and modes of transportation, point values have been assigned to each category of transportation.

These point values represent differences in time, cost, or both associated with each mile of each category of transportation from the quarters to the nearest established community.

The point values are multiplied by the number of one-way miles from the quarters to the nearest established community, to produce one-way points. When travel from the quarters to the nearest established community involves more than one category of transportation, the one-way miles are distributed accordingly. The one-way points in each category are then added to produce total one-way points, which must exceed 30, or there is no adjustment. Finally, the total one-way points for all modes of transport are multiplied by an Isolation Adjustment Factor (based on the automobile mileage allowance determined by the General Services Administration) to produce the monthly dollar adjustment.

(2) Site amenities. Living conditions at the locations of some Government housing are not always the same as those found in or immediately adjacent to the survey or appraisal communities. In such communities, the amenities listed below are generally, but not always, present and their contributory value included in the base rent. The lack of availability of any of these items at the quarters location represents a generally less desirable condition which should be reflected as a negative percentage adjustment to the base rental rate, as shown below. Similarly, an upwards percentage adjustment should be made in the base rental rate for quarters possessing site amenities which are not present in the survey or appraisal communities used to establish the base rent.

(a) Reliability and adequacy of water supply. The system should provide potable water (free of significant discoloration or odor) at adequate pressure at usual outlets. (+ or -3 percent)

(b) Reliability and adequacy of electric service. Service must equal or exceed a 100 ampere power system capable of providing 24-hour service under normal conditions. (Occasional temporary outages are considered normal.) If an adequate backup generator is available, the amenity will be rated as present regardless of the reliability of the primary power source. (+ or -3 percent)

(c) Reliability and adequacy of fuel for heating, cooling and cooking. There should be sufficient fuel storage capacity to meet prevailing weather conditions and cooking needs. Where electricty is used to heat, cool or cook, this adjustment is to be made only when the deduction in (b), above, applies. (+ or -3 percent)

(d) Reliability and adequacy of police protection. Law enforcement personnel, including Government employees with law enforcement authority, should be available on a 24-hour basis. Availability is defined as the ability to respond to emergencies as quickly as if located in, or adjacent to, an established community. (+ or -3 percent)

(e) Reliability and adequacy of fire protection. Fire insurance should be available with the premium charge based upon a rating equal to the rating available to comparable housing located in or adjacent to the nearest established community, or adequate equipment and trained personnel available on a 24-hour basis to meet foreseeable emergencies. (+ or -3 percent)

(f) Reliability and adequacy of sanitation service. An adequately functioning sewage disposal system and a solid waste disposal system, whether community or individually provided, should be available. Individual sewage disposal systems (septic, cesspool or other) will be considered adequate even though they may require periodic maintenance, as long as they are usable during periods of occupancy. (+ or -3 percent)

(g) Reliability and adequacy of telephone service. 24-hour accessibility to commercial facilities with private lines should be available. (+ or -1 percent) The service interruption level should not substantially exceed that normally occuring in the nearest established community. (+ or -1 percent)

(h) Noise and odors. There should be an absence of significant, frequent disturbing noises or offensive odors. (+ or -3 percent)

(i) Miscellaneous improvements. There should be one or more of the following improvements: paved roads, sidewalks, or street lights. (No more than a + or -1 percent adjustment can be made for this category)

(3) Impositions on privacy or living space. Administrative adjustments in the base rental rate are allowed if the living space or privacy of the occupant is restricted. In each such case, the agency will make a special determination of the specific conditions making certain that the conditions have not already been reflected in establishing the base rental rate.

(a) Loss of privacy. If occupants are subject to loss of privacy during nonduty hours by virtue of repeated public visits (i.e., occurring several times daily) or inhibited from enjoying the full range of activities normally associated with rental occupancies due to restrictions imposed by Federal agencies, a deduction not to exceed 10 percent of the base rental rate is allowable. Proportional deductions will be made in situations of less frequency or seriousness in their impact upon privacy or usage or to reflect seasonal variations.

(b) Space devoted to official use. When the head of the agency determines that the use of a portion of the quarters is required for official business (i.e., office, storage, etc.), loss of living space should be reflected by an adjustment to the base rental rate, based on the square footage occupied.

(4) Transient and temporary use of quarters for other than temporary duty assignments.

(a) Transient quarters. Charges for quarters occupied on a transient basis, that is, normally for 90 days or less, will be assessed at rates equivalent to private transient housing of comparable type and quality. These rates may be set on a nightly or weekly basis, or both. If comparable private transient housing does not exist in the area, the rental may be established by determining the reasonable monthly rental rate for the quarters through application of the other provisions of this Circular, and adding to the monthly rate an additional charge of at least 20 percent to cover necessary additional administrative and service charges. The

total will be divided by 30 days for the nightly rate or 4 1/3 weeks for the weekly rate.

(b) Temporary quarters. This adjustment will apply when an employee occupies quarters for the convenience of the Government on a temporary basis (normally more than 60 days) and does not receive per diem. Under these circumstances, if the employee maintains two households, the head of the agency is authorized to adjust the rental rate on the quarters unit so that the combined rent or rent and mortgage payment paid during the period of occupancy is not excessively burdensome. The adjustment may not exceed 20 percent of the base rental rate of the quarters unit unless the head of the agency determines that the circumstances fully justify a greater deduction.

(5) Quarters of excessive or inadequate size or quality. If there is a lack of housing of appropriate size or quality, an employee may be provided Government quarters of a size or quality either excessive or inadequate to that which the prudent employee would have selected in the private community. In these exceptional circumstances, the base rental rate will be reduced by up to 10 percent in direct proportion to the degree of the excess or deficiency. This reduction will not continue beyond one month after the availability of either appropriate rental quarters or private housing, except when the head of the agency determines that the reassignment of quarters will not serve to benefit the Government. The determination of the availability of alternate housing will comply with the rules of availability of housing for rent, for sale, or recently rented or sold and those concerning commuting distances contained in OMB Circular No. A-18.

(6) Excessive heating and cooling costs. A deduction from the base rental rate is permissable if quarters require an unreasonable additional expense to the employee for heating or cooling because of poor design, the lack of all-weather construction or other related factors. The amount of the deduction will be determined as follows: If the rental quarters in question require expenses to the occupant in excess of 25 percent for the heating or cooling season over the average of heating or cooling for comparable housing in the same area and climate zone as determined by a suitable survey or appraisal, the head of the agency may determine that the excessive costs (i.e., those in excess of 25 percent over the average) may be deducted from the annual rental rates.

(7) Changes in administrative adjustments. For specific quarter rental rates, agencies should implement new administrative adjustments to reflect changes in any of the factors contained in section 7c as soon as possible after learning of those changes, normally within 30 days.

d. Cyclical and annual adjustments. Charges for rental quarters and related facilities shall be adjusted periodically in accordance with the following:

(1) Adjustments based on surveys or appraisals. Base rental rates established for rental quarters shall be affirmed or adjusted by a survey or appraisal of the private rental market, as follows:

(a) At least every fifth year or when the base rental rate for the quarters has been increased by 40 percent through application of the rent series of the U.S. City Average-

Regional Consumer Price Index (CPI Rent Series), whichever occurs first, or

(b) Any year when changes in the private rental market in the nearby established community indicate a need to adjust base rental rates on the basis of a survey or appraisal of the rental market.

(2) Adjustments based on changes in the CPI. Annual adjustments in the base rental rate shall be made by applying the percent change in the CPI Rent Series from the month and year that the last regional survey or reappraisal of the private rental market was conducted. The new rates shall be effective at the beginning of the first pay period which starts on or after February 1 of each year. Though effective in February, the adjustment shall be based on the preceding September CPI data to provide the required lead time.

(3) Annual adjustments for isolation. The Isolation Adjustment Factor (currently 1.6) will be recomputed by the individual agencies each October. The recomputation will reflect the Government mileage allowance for automobiles published by the General Services Administration as of the last day of September each year. The new isolation adjustment factor will be used to compute the monthly isolation adjustment applicable to rents being charged starting with the first full pay period in February of each year. This is done to coincide with the implementation of rental rates adjusted by the CPI Rent Series each year, as required in paragraph 7d (2) of this Circular.

(4) Annual adjustments of utilities. To ensure that rates for Government-furnished utilities keep pace with current costs, they shall be adjusted annually. The rate will be the average residental rate for the utility in the established community or survey area as of the last day of September. The new utility rate will be charged in the first full pay period in the following February to coincide with the CPI Rent Series adjustment to rental rates.

(5) Periodic/cycle year adjustment. The cycle year (and survey or appraisal month within the cycle year) occurs at different times for different employee quarters within a department or agency. Therefore, since annual CPI adjustments effective in February are based on the preceding September CPI data, cycle year adjustment for any particular quarters or facility shall be made as follows:

(a) When the private rental market survey or appraisal is made during the months of August through January, no CPI adjustment will be made on the upcoming February 1, but will be deferred until the start of the first pay period which begins after February 1 of the following year. Rental adjustments based on the survey or appraisal will be put into effect in the usual manner. Example: If the survey month is September 1984, no CPI adjustment will be made in February 1985, but will be deferred until February 1986. Such CPI adjustments will be based on the changes in the CPI from the actual date of the survey through September 1985.

(b) When the private rental market survey or appraisal is made during the months of February through July, no CPI adjustments will be made in February of that year, but will be deferred until the start of the first pay period which

begins after February 1 of the following year. Rental adjustments based on the survey will be put into effect in the usual manner. Example: If the survey month is March 1984, no CPI adjustment will be made in February 1984, but will be deferred until February 1, 1985. Such CPI adjustment will be based on the changes in the CPI from the actual date of the survey through September 1984.

(6) Newly acquired quarters. Rates for newly acquired quarters shall be the same as those prevailing for similar Government quarters in the area. If there are no established rates, an initial survey or appraisal to establish valid and realistic comparability with private rental facilities shall be made upon acceptance of newly acquired quarters, and the corresponding rental rates shall be made effective upon occupancy. The initial CPI adjustment in rental rates shall be made as follows:

(a) When the initial survey or appraisal of the private rental market is made during the months of February through July, the initial CPI adjustment will be made at the start of the first pay period which begins after the upcoming February 1.

(b) When the inital survey or appraisal of the private rental market is made during the months of August through January, the initial CPI adjustment will be made in accordance with the procedure set forth in subparagraph (5)(a) above.

(7) Incremental adjustments. If new appraisals, surveys or CPI adjustments result in substantial increases in rental rates (i.e., 50 percent or more above the current rental rate), such increases may be imposed incrementally over a period not to exceed one year, on the condition that they be applied in equal increments on at least a quarterly basis.

e. Qualifications and extensions: The principle of comparability with private rental practice may be modified under the conditions described below:

(1) Extension of comparability. For lack of available alternative quarters, employees must sometimes occupy space for use as quarters which is generally unsuitable for that purpose. Such space may be unsuitable, for example, because it was originally built for seasonal occupancy only, or because it was not originally built for use as quarters. In other instances, quarters may be suitable only for particular types of occupancy, such as rooming houses, bunkhouses, bachelor quarters, residence hotel-type structures, barracks-type structures, or guard stations and lookouts.

In all such cases, if no comparable rental data can be obtained or professional appraisals are not made, rental rates will be determined by the square footage occupied, at a rate equivalent to one-half the base rental rate per square foot charged for the nearest adequate rental quarters of the same or any other Federal agency. This rate will apply only to the shelter rental, with additions thereto for all other related facilities at rates comparable to those in the area. Rental and other charges will be based upon designed capacity and, when so determined, will remain in effect for each occupant without regard to fluctuations in the number of occupants from time to time either above or below designed capacity.

In buildings where space is assigned for occupancy of several persons or families, common-use space in the building will be distributed to all occupants in proportion to the space assigned for the sole occupancy of each, to determine the number of square feet chargeable to each. Common-use space includes, for example, washrooms, stairs, hallways, storage, lobby, and lounge areas.

(2) Quarters for uniformed service personnel. Rental rates and other charges incident to the occupancy of quarters on a rental basis by members of the uniformed services will be established in accordance with the provisions of this Circular.

Those quarters which have been designated inadequate public quarters or substandard pursuant to law and regulations of the Surgeon General of the Public Health Service and the Secretaries of Defense and Transportation require special treatment in one respect. The total of the rental rate, plus charges for furniture and utilities (except telephone), will be adjusted, if required, so as not to exceed 75 percent of the member's basic allowance for quarters. The rental rate, as used in the preceding sentence, is the base rental rate after the additions or deductions required or authorized elsewhere in this Circular have been given effect, including that requirement contained in paragraph 7c, that the rental rate, after adjustments, will not be less than 50 percent of the base rental rate.

(3) Instances of hardship. In certain hardship cases where continued occupancy of public quarters by former uniformed service members and dependents or by dependents of deceased service members is permitted, an amount equivalent to the member's full basic allowance for quarters and other housing allowances (i.e., Variable Housing Allowance, etc.) may be charged for such periods of time as may be properly allowed in each particular case. Occupancy of quarters in such instances will normally not exceed 60 days.

Similarly, former Federal employees (or other occupants) and dependents or dependents of deceased Federal employees (or other occupants) may continue to occupy Federally-furnished quarters for a period normally not to exceed 60 days. Such occupants will continue to pay the established rental rate for those quarters.

(4) Alternative requirements. The provisions of this Circular will not apply in the following instances:

(a) When employees attend training programs at Federal or private facilities and the cost of housing is factored into the program cost to the agency or through other means, the valuation rules of this Circular need not be applied, so long as the per diem rate (or actual per diem expense rate) paid the employee is set to reflect the fact that the housing is provided at no cost to the employee. In other than training situations when employees are receiving per diem (or actual per diem expense rates) and occupying Government housing, the per diem paid the employees is set to reflect the fact that the housing is provided at no cost to the employee.

(b) When employees are receiving a remote worksite commuting allowance, in accordance with 5 USC 5942, and housing is provided at no cost to the employees, the allowance paid will consist of factors other than the housing cost portion of the allowance.

(5) Exceptions. Efforts have been made in the preparation of this Circular to allow for unusual circumstances that may exist with respect to rental quarters. Exceptions to the requirements included in this Circular will be prescribed, therefore, only upon written request in those very unusual circumstances when it is demonstrated to the Office of Management and Budget that the application of the provisions of this Circular will not result in a rental rate equivalent to the reasonable value of the quarters to the occupant. If an exception is granted by the Director of the Office of Management and Budget, the agency concerned will be notified in writing.

8. Agency regulations. The following guidelines should be observed in developing agency regulations and procedures implementing this Circular:

a. To avoid potential conflicts of interest, agencies will not assign employee occupants of quarters or their subordinates to perform appraisals or serve as members of regional survey teams used to recommend rents and other charges.

b. Where several different Federal agencies provide rental quarters in the same area, those agencies will take necessary steps to ensure a consistent local pattern in rents and utility rates. In particular, such agencies are urged to establish interagency committees to coordinate and oversee the establishment of consistent and uniform rental rates.

c. A full record of the findings and recommendations of the appraiser or survey team, as well as documentation to justify administrative adjustments, will be kept by the agency concerned.

d. Sufficient information will be maintained centrally by the agency to allow agency management to be informed of, and to monitor, the status of administration of the requirements of this Circular.

e. A system or procedure for reconsideration of rental determinations and other charges will be provided.

f. Employees on leave will continue to be charged for quarters and related facilities, unless the quarters are vacated and made available for reassignment.

g. In keeping with the principle of comparability, the agencies assume the customary responsibilities of the landlord; those who occupy rental quarters assume the responsibilities of tenants.

h. Agency regulations will specify the conditions under which the agency head will require occupancy of Government-furnished quarters, in accordance with the limitations cited in 5 USC 5911 (a).

i. Agency heads will ensure that Government-furnished quarters are safe and sanitary. Although adjustments to the basic rental rate are permitted for such circumstances as excessive heating and cooling costs, poor condition, and lack of potable water, such conditions should not be permitted to continue any longer than absolutely necessary.

9. Policy review. The policies and procedures contained in this Circular shall be reviewed within three years of the date of issuance.

10. Inquiries. For information concerning this Circular, contact the Office of Management and Budget, telephone 202/395-7207.

David A. Stockman
Director

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

September 23, 1959 CIRCULAR NO. A-25

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: User Charges

1. Purpose. Bureau of the Budget Bulletin No. 59-3 of November 13, 1957, set forth some general policies for developing an equitable and uniform system of charges for certain Government services and property. This Circular incorporates the policies contained in that Bulletin and gives further information with respect to: (a) the scope of user charge activities; (b) guidelines for carrying out the approved policies; and (c) agency submission of periodic status reports. It also prescribes Standard Form No. 4 on which periodic status reports are required.

Because this Circular applies also to the areas previously covered by Bureau of the Budget Circular No. A-28 of January 23, 1954, that Circular is hereby rescinded.

2. Coverage. Except for exclusions specifically made hereafter, the provisions of this Circular cover all Federal activities which convey special benefits to recipients above and beyond those accruing to the public at large. The specific exclusions which continue to be governed by separate policies are fringe benefits for military personnel and civilian employees; sale or disposal under approved programs of surplus property; postal rates; interest rates; and fee aspects of certain water resources projects (power, flood control, and irrigation). In addition this Circular does not apply to activities of the legislative and judicial branches, the municipal government of the District of Columbia, the Panama Canal Company or the Canal Zone Government.

3. General policy. A reasonable charge, as described below, should be made to each identifiable recipient for a measurable unit or amount of Government service or property from which he derives a special benefit.

a. Special services.

(1) Where a service (or privilege) provides special benefits to an identifiable recipient above and beyond those which accrue to the public at large, a charge should be imposed to recover the full cost to the Federal Government of rendering that service. For example, a special benefit will be considered to accrue and a charge should be imposed when a Government-rendered service:

(a) Enables the beneficiary to obtain more immediate or substantial gains or values (which may or may not be measurable in monetary terms) than those which accrue to the general public (e.g., receiving a patent, crop insurance, or a license to carry on a specific business); or

(b) Provides business stability or assures public confidence in the business activity of the beneficiary (e.g., certificates of necessity and convenience for airline routes, or safety inspections of craft); or

(c) Is performed at the request of the recipient and is above and beyond the services regularly received by other members of the same industry or group, or of the general public (e.g., receiving a passport, visa, airman's certificate, or an inspection after regular duty hours).

(2) No charge should be made for services when the identification of the ultimate beneficiary is obscure and the service can be primarily considered as benefitting broadly the general public (e.g., licensing of new biological products).

b. Lease or sale. Where federally owned resources or property are leased or sold, a fair market value should be obtained. Charges are to be determined by the application of sound business management principles, and so far as practicable and feasible in accordance with comparable commercial practices. Charges need not be limited to the recovery of costs; they may produce net revenues to the Government.

4. Agency responsibility. The responsibility for the initiation, development, and adoption of schedules of charges and fees consistent with the policies in this Circular continues to rest with the agency. Each agency shall:

a. Identify the services or activities covered by this Circular;

b. Determine the extent of the special benefits provided;

c. Apply accepted cost accounting principles in determining costs;

d. Establish the charges; and

e. In determining the charges for the lease and sale of Government-owned resources or property, apply sound business management principles and comparable commercial practices.

5. Cost, fees and receipts, and their determination.

a. Determination of costs. Costs shall be determined or estimated from the best available records in the agency, and new cost accounting systems will not be established solely for this purpose. The cost computation shall cover the direct and indirect costs to the Government of carrying out the activity, including but not limited to:

(1) Salaries, employee leave, travel expense, rent, cost of fee collection, postage, maintenance, operation and depreciation of buildings and equipment, and personnel costs other than direct salaries (e.g., retirement and employee insurance);

(2) A proportionate share of the agency's management and supervisory costs;

(3) A proportionate share of military pay and allowances, where applicable;

(4) The costs of enforcement, research, establishing standards, and regulation, to the extent they are determined by the agency head to be properly chargeable to the activity.

b. Establishment of fees to recover costs. Each agency shall establish fees in accordance with the policies and procedures herein set forth. The provisions of this Circular, however, are not to be construed in such a way as to reduce or eliminate fees and charges in effect on the date of its issuance. The maximum fee for a special service will be governed by its total cost and not by the value of the service to the recipient. The cost of providing the service shall be reviewed every year and the fees adjusted as necessary. In establishing new fees and increasing existing fees the agency may make exceptions to the general policy (paragraph 3, above) under such conditions as illustrated below.

(1) The incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.

(2) The furnishing of the service without charge is an appropriate courtesy to a foreign country or international organization; or comparable fees are set on a reciprocal basis with a foreign country.

(3) The recipient is engaged in a nonprofit activity designed for the public safety, health, or welfare.

(4) Payment of the full fee by a State, local government, or nonprofit group would not be in the interest of the program.

c. Disposition of receipts. Legislative proposals shall generally avoid disturbing the present rule that collections go into the general fund of the Treasury as miscellaneous receipts. However, exceptions may be made where:

(1) It is intended that an agency or program or a specifically identifiable part of a program be operated on a substantially self-sustaining basis from receipts for services performed or from the sale of products or use of Government-owned resources or property.

(2) The agency can show that the initiation or increase of fees or charges is not feasible without earmarking of receipts.

(3) The receipts are in payment of the cost of authorized special benefits for which the demand is irregular or unpredictable, such as inspections performed upon request outside the regular duty hours.

This Circular is not intended to change the present system of sharing with States and counties receipts from the lease of certain lands and the sale of certain resources.

6. Changes in existing law. In cases where collection of fees and charges for services or property in accordance with this Circular is limited or restricted by provisions of existing law, the agencies concerned will submit appropriate remedial legislative proposals to the Bureau of the

Budget under the established clearance procedure, as provided in Bureau of the Budget Circular No. A-19.

7. New activities. In the establishment of new Federal activities which would provide special benefits, the agencies concerned are to apply the policies and criteria set forth in this Circular.

December 31 of each succeeding year as a result of its annual review of such costs and charges. The initial report for any new agency hereafter established (including those established by reorganization) shall be submitted on December 31 following the end of the first fiscal year during which the agency was in operation. Each report shall cover the situation as of the preceding June 30, and shall be prepared in accordance with the instructions set forth in the attachments to this Circular.

By direction of the President:

MAURICE H. STANS
Director

Attachments (Attachments A & B of Circular No. A-25, Transmittal Memorandum No. 1 dated October 22, 1963, were rescinded by Transmittal Memorandum No. 2 dated April 16, 1974).

April 16, 1974

CIRCULAR NO. A-25
Transmittal Memorandum No. 2

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: User charges

1. Purpose. This transmittal memorandum amends Circular No. A-25 of September 23, 1959: (a) to rescind transmittal memorandum No. 1, dated October 22, 1963, to Circular No. A-25, and (b) to delete the requirement for annual reports. Data will be obtained in the future through the Budget review process or special studies.

2. Summary of changes. The following changes are effective immediately:

a. Instructions for the preparation of annual reports on user charges. Attachments A and B of Circular No. A-25, Transmittal Memorandum No. 1 dated October 22, 1963, are rescinded.

b. Reports to the Bureau of the Budget. Paragraph 8 of Circular No. A-25 is deleted.

c. User Charges Inventory. Paragraph 9 of Circular No. A-25 is deleted.

ROY L. ASH
DIRECTOR

Senator BYRD. Senator McClure.

Senator MCCLURE. Thank you, Mr. Chairman.

You have requested an additional $4.3 million, or an increase of 15 percent in operations of the U.S. Park Police. Even with this increase, however, the number of full-time equivalents is reduced from 745 to 732.

For what purpose will the additional funds be used?

Mr. MOTT. I believe most of that money is for training and for salary increases.

Senator MCCLURE. What is the impact, if any, of the reduction of FTE's?

Mr. SHEAFFER. The FTE reduction is simply a transfer between accounts, Senator, from the "U.S. Park Police" account to "JFK Center" account. It's not a reduction actually.

Senator MCCLURE. So there is an increase in the "JFK" account to offset that?

Mr. SHEAFFER. Yes, sir.

Senator MCCLURE. In fiscal year 1987, Congress provided an additional $790,000 for a new rookie class for the Park Police. In fiscal year 1988, Congress provided an additional $3 million for additional Park Police.

Can you give the committee a status report on the use of these funds?

Mr. FISH. Last year at this time, Senator, we had 512 uniformed officers in the U.S. Park Police. At this time, because of those dollars, we now have 618 on board and we are going for another rookie class very shortly.

Senator MCCLURE. Is the recruitment process going faster or slower than expected?

Mr. FISH. I guess it is probably going a little slower than expected, although I think those are very good figures, to go from 512 to 618 in 1 year. But it is not as easy. There is a test that is required, and that is administered in San Francisco. We also test in Atlanta, New York, and in Washington.

And there are security checks that need to be made of the individuals. So it does take some time. But I think we made significant progress.

Senator MCCLURE. There is some conversation that the higher quality candidates reject the Service.

Mr. FISH. We have had a bit of a problem as regards pay comparability and the retirement system. Those items seem to have been worked out now, Senator, and $4.1 million adjustment to base is requested in this 1989 budget for that pay increase. The Office of Personnel Management has worked that out and has given the Park Police a pay increase—not quite the way we had wanted it, but nevertheless that is more comparable with the surrounding police jurisdictions.

We had made a study about the comparability, and this is certainly much closer.

GENERAL ACCOUNTING REPORT ON PAY COMPARABILITY

Senator McCLURE. Last year, legislation was proposed to adjust pay for the U.S. Park Police and bring it in line with other agencies in the areas performing similar duties. But before going forward with that legislation, Congress asked that the GAO provide additional information.

In addition to other Federal law enforcement agencies, the GAO analysis is to include the pay and duties of park rangers and others inside and outside the Department, performing similar tasks.

Do you know the status of that report?

Mr. FISH. As far as I know, Senator, the GAO report has not been completed. I am not sure whether it has been started.

Senator McCLURE. You are not sure whether it has been started?

Mr. FISH. I am not sure. No, sir.

Senator McCLURE. They haven't talked to you?

Mr. FISH. No, sir; I mean they could have talked to someone on the staff.

Senator McCLURE. I understand.

I was just a little surprised that it hadn't been started, since it was supposed to have been started some time ago.

PARK POLICE PAY INCREASE

There is some discussion, and I think you made some reference to the fact that OPM perhaps, with concurrence of the Secretary, granted a pay increase to the U.S. Park Police.

Are they receiving that increased pay now?

Mr. FISH. Yes, sir; they are.

The language is in another piece of legislation that told OPM to go ahead. They indicated that they should complete it by March 1, and that was completed. They made the comparability study. OPM made the study and then did make that correction or addition to the salary of the U.S. Park Police.

Senator McCLURE. Will there be a reprogramming of funds? There was no additional money provided.

Mr. FISH. No, sir; there was not.

Senator McCLURE. So I assume it comes from somewhere.

Mr. HORN. We are right now looking at the question of how those costs should be absorbed. Should we simply be reprogramming? And our expectation is to make that decision in the very near future and apprise the committee of what approach we want to take.

Senator McCLURE. I am a little puzzled that you grant a pay raise before you know where the money is coming from.

Mr. HORN. Our understanding is that OPM acted in response to language that was in the Treasury section of the 1988 continuing resolution.

Senator MCCLURE. In the Treasury section?

Mr. HORN. That is my understanding.

Senator MCCLURE. The Treasury is running the Park Service now?

Mr. HORN. No.

Apparently Congress, through the Treasury section, directed the study of uniformed services and directed OPM to make this finding. And the study was done. OPM did the finding pursuant to this congressional directive and has basically awarded the Park Police this pay increase.

Senator MCCLURE. What happens if Congress rejects the reprogramming?

Mr. HORN. Either we will have to absorb the costs or ask Congress to revisit the different directions that we are getting on different approaches.

MAINTENANCE

Senator MCCLURE. The fiscal year 1988 enacted level for maintenance is $257 million, while the fiscal year 1989 request is $245 million. The budget structure for fiscal year 1989 proposes to create a new subactivity called enhanced park operations-maintenance and funding of $4 million is requested stemming from enhanced recreation fees. This subactivity is to be devoted to improvements in maintenance activity related to natural and cultural resource protection, and will include such work as repair of boundary fencing, trail rehabilitation, erosion control, and things of that nature.

In reviewing the remainder of the budget structure for maintenance, operational maintenance is reduced by $3.5 million or 2 percent. Cyclic maintenance is reduced by $4.5 million, a 25-percent reduction. And repair and rehabilitation is reduced by $12 million, or 40 percent. Servicewide programs are increased $4.6 million, which is a 158-percent increase.

Work proposed to be done in the new subactivity enhanced park operations-maintenance appears to be fairly routine. In the past, what subactivities funded those projects?

Mr. GALVIN. Mr. Chairman, the transfers that you speak of in the maintenance accounts come about largely because of the formula requirements of the fee bill passed, the permanent fee bill passed in the last session of Congress, that will affect the 1989 budget for the first time.

The $4 million in enhanced park operations-maintenance that you mentioned is in fact, fee revenue that will be coming back to the parks. It is to be spent in the way the fee legislation requires, maintenance related to resource protection. It is a restriction on the kind of maintenance that can be done with fee money.

In addition, the fee legislation required 90 percent of the money to be allocated to the park bases, and that has been done. But it required a transfer out of some centrally managed accounts. The regional cyclic maintenance and the repair and rehabilitation regional maintenance categories were reduced to accommodate increases in park bases.

And because of the restrictions placed on maintenance in the fee legislation, and the requirement to transfer the money to the park bases, overall, with a series of pluses and minuses, that does result in a net minus in our maintenance accounts.

Senator McCLURE. How does cyclic maintenance differ from enhanced park maintenance?

Mr. GALVIN. Cyclic maintenance funds are an amount of money that is maintained at the regional level and allocated to different parks in different years. It will accomplish maintenance projects that would be beyond the capability of the park and its size.

Senator McCLURE. Isn't it really just enhanced park maintenance with discretion being centralized, rather than by formula?

Mr. GALVIN. Not really. In most regions, it is part of a 10-year program that is based on the inventory in the regions. As an example, roofing an historic building may be required in a small park only once every 10 years, so the money doesn't need to be in the park base. It comes into the park base once every 10 years.

It is a concept, I think, that has merit when you look at the inventory in the park system and the nature of the size of the park units.

COMPARISON OF 1988 AND 1989 MAINTENANCE BUDGETS

Senator McCLURE. I have visited a number of parks in the last year, and I can't understand how the Repair and Rehabilitation Program can handle a reduction from $30 million to $18 million, or the Cyclic Maintenance Program can handle a reduction from $18 million to $14 million.

Can you explain what will not be done in fiscal year 1989 that was done in fiscal year 1988 in these two programs, and how much of this work will be picked up with the $4 million proposed for enhanced operations-maintenance?

Mr. GALVIN. We can certainly provide comparative lists, Senator.

Senator McCLURE. Is it all going to be picked up by the fee program?

Mr. GALVIN. No; I would say not, because the fee program requires us to do certain kinds of maintenance, maintenance related to resource protection. It does not permit us to do other kinds of maintenance.

MAINTENANCE RELATED TO RESOURCE PROTECTION

Senator McCLURE. What do you regard as resource?

Mr. GALVIN. In the instances that we are talking about with the $4 million there, it would be items found in a resource management plan, things to prevent the invasion of exotic animals; for instance, fencing, erosion control projects in high country meadows, projects that have a direct relationship to the resources of the park.

It would not permit, under ordinary circumstances, reconstruction of a water system as an example.

Senator McCLURE. That is not a resource.

Mr. GALVIN. That is a resource, but not a natural or cultural resource.

Senator MCCLURE. Then you are saying that you read the fee legislation as requiring it to be for natural resources and not for other resources; is that correct?

Mr. GALVIN. And cultural resources; yes, sir.

Senator MCCLURE. Natural and cultural, but cultural is historic rather than present culture.

Mr. GALVIN. Yes; that is right.

Senator MCCLURE. Does that bother you?

Mr. GALVIN. Yes, Senator; it does.

Mr. HORN. Mr. Chairman, I should add that we, in our fee proposals, asked a greater latitude in using the fee proceeds for general maintenance work, and obviously Congress saw fit to change the directions on use of that money, which they changed to the direction that we are now dealing with in this budget.

Senator MCCLURE. Would you please provide for the record what the Park Service would do if the base funding level was provided for these programs in fiscal year 1989?

Mr. GALVIN. Yes, Senator; we will.

[The information follows:]

IMPACT OF PROPOSED MAINTENANCE REDUCTIONS

Repair and Rehabilitation Program

Listed below are projects tentatively scheduled for 1989 in the Regional Repair and Rehabilitation Program that might be deferred due to the proposed $12.036 million reduction.

Rocky Mountain Region

Glen Canyon NRA	Replace deteriorated gas storage tanks
Mesa Verde NP	Overlay road, Fairview to Headquarters
Badlands NP	Underground electrical system
Glen Canyon NRA	Install portable lift station
Bighorn Canyon NRA	Rehabilitate vault and floating toilets
Badlands NP	Repair drainage, Rt. 1
Bighorn Canyon NRA	Rehabilitate water system lines
Timpanogos Cave NM	Reroof shop and comfort station
Timpanogos Cave NM	Replace visitor center furnaces
Dinosaur NM	Relocate Green River amphitheater
Custer Battlefield NM	Replace highway signs
Dinosaur NM	Parkwide road striping
Glen Canyon NRA	Extend boat ramps
Glen Canyon NRA	Provide lakeshore sanitary units
Mount Rushmore NMem	Install fence at sewage plant
Wind Cave NM	Replace concrete steps, cave entrance
Colorado NM	Construct fire hose houses
Dinosaur NM	Repair Deer Lodge Road
Bent's Old Fort NHS	Rehabilitate water line for fire protection
Bryce Canyon NP	Rehabilitate water and sewer lines
Devil's Tower NM	Trim campground trees
Dinosaur NM	Repair rock wall at Headquarters
Glacier NM	Overlay .09 miles of concession roads
Rocky Mountain NP	Stabilize rock walls, Trail Ridge Road
Golden Spike NHS	Rehabilitate erosion control structures
Canyonlands NP	Rehabilitate road drainage
Glacier NP	Rewire buildings, parkwide
Glacier NP	Replace sidewalk
Golden Spike NHS	Replace concrete walkways and curbing
Grand Teton NP	Chipseal Jenny Lake and Colter Bay Roads

North Atlantic Region

North Atlantic Region	Fire Management Program
Statue of Liberty NM	Rewire 6 Liberty Island quarters buildings
Edison NHS	Replace HVAC and electrical systems
Frederick Law Olmsted NHS	Replace heating system at Olmsted House

Theodore Roosevelt Inaugural NHS	Rehabilitate basement
Adams NHS	Replace septic system
Lowell NHP	Build comfort station, Pawtucket Gatehouse
Acadia NP	Reroof 30 comfort stations
Lowell NHP	Install security/fire intrusion alarms

National Capital Region

President's Park	Repair and resurface President's Park roadways, Phases III and IV
National Capital Parks - Central	Rebuild critical sections of West Potomac Park of Rock Creek Parkway
National Capital Parks - East	Resurface Primary park roads and parking areas, Phase II

Mid-Atlantic Region

Independence NHP	Install energy management system, Phase I
Independence NHP	Replace wooden lampposts, Phase I
Valley Forge NHP	Install intrusion alarm system, Phase I
Independence NHP	Replace fire system, Pemberton House
Independence NHP	Waterproof Bishop White House
Fort Necessity NB	Repair foundation, quarters #4, #5, #6
Fredericksburg and Spotsylvania NMP	Replace water, sewer and electrical systems at Ellwood
Friendship Hill NHS	Rehabilitate utility systems
Independence NHP	Rehabilitate drainage, Franklin Court

Southeast Region

Gulf Islands NS	Overlay 7 of 35 miles of paved road
Great Smoky Mountains NP	Resurface roads
Fort Frederica NM	Repave parking lot and entrance road
Cumberland Island NS	Build dock facility at Beach Creek
Gulf Islands NS	Rehabilitate Building 4 at Fort Pickens
Virgin Islands NP	Dredge Cruz Bay Creek

Midwest Region

William Howard Taft NHS	Rehabilitate retaining walls
Isle Royale NP	Upgrade fire suppression system
Apostle Islands NL	Replace deteriorated dock, Otter Island
Fort Larned NHS	Provide furnishings for barracks
Fort Larned NHS	Provide furnishings for blockhouse
George Rogers Clark NHS	Mitigate water damage at memorial

Jeffersons National Expansion Memorial NM	Replace deteriorated steps at visitor center
Scotts Bluff NM	Site restoration
George Washington Carver NM	Rehabilitate visitor center restrooms

Southwest Region

Carlsbad Caverns NP	Rehabilitate cave transformers
Wupatki NM	Add cell to lagoon, Heiser Springs
Lake Meredith NRA	Rehabilitate sewage lines
San Antonio Missions NHS	Remove trees and limbs
El Morro NM	Replace valves and faucets
Jean Lafitte NHP	Rehabilitate lift station, Chalmette
Padre Island NS	Upgrade dune crossing
Bandelier NM	Remove trees
Pea Ridge NMP	Provide ventilation system for flammable storage area
Navajo NM	Replace heating system, visitor center
Buffalo NR	Replace pumps at lift station, Buffalo Point
Big Bend NP	Rehabilitate HVAC system, Panther Junction
Big Bend NP	Rehabilitate sewer lagoons
Wupatki NM	Improve chlorination system
Big Bend NP	Rehabilitate residential sewer lines
Lake Meredith NRA	Replace water lines
Hot Springs NP	Install shell/tube heat exchangers
Padre Island NS	Rehabilitate roads and parking
Chickasaw NRA	Replace gas meters

Western Region

American Memorial Park	Rehabilitate utilities to restrooms
Lava Beds NM	Improve facility accessibility
Kalaupapa NHP	Rehabilitate electrical system, Phase I
Chiricahua NM	Replace visitor center roof
Fort Bowie NHS	Rehabilitate visitor contact station
Coronado NMem	Reroof 2 housing units and visitor center
Great Basin NP	Reconstruct 4 campgrounds
John Muir NHS	Improve trail accessibility
Tonto NM	Rehabilitate parking lot and picnic area
Pu'uhonua o Honaunau NHP	Renovate quarters
Tumacacori NM	Replace roof on quarters

Pacific Northwest Region

Crater Lake NP	Rehabilitate maintenance building
Oregon Caves NM	Design cave trail electrical system
Fort Vancouver NHS	Install centennial celebration signing
Crater Lake NP	Replace condemned housing, Sleepy Hollow, Phase II
Coulee Dam NRA	Replace maintenance facility at Kettle Falls

Alaska Region

Glacier Bay NP	Install incinerator/crusher
Katmai NP	Rehabilitate overlook cabin, Three Forks
Northwest Areas	Convert clinic to duplex
Wrangell-St. Elias NP	Rehabilitate fuel storage shed,
Denali NP	Replace electrical line, Riley Creek
Denali NP	Replace boiler, Headquarters

Regular Cyclic Maintenance Program

Specific projects likely to be deferred in this program have not been decided on at this time. It is probable that larger parks which received funding from the regular cyclic maintenance program in fiscal year 1988 would take the bulk of the proposed reduction. Smaller parks, having less flexibility to address this type of work through base funding, would likely continue to receive funds from this source. Cycles for such activities as repainting and reroofing of buildings, trail brushing, and sign replacement would be lengthened as a result of the proposed reduction.

Cyclic Maintenance of Historic Properties

Funding for cyclic maintenance of historic properties has been eliminated in the fiscal year 1989 request. However, it is likely that much of this type of work could be accommodated from the fee receipts due to the language which includes resource protection as a prescribed use of the funding.

Cultural Resources Preservation Program

The program content of this program varies annually, however since many of the projects accomplished from this funding source are of a multi-year variety, there is some degree of continuity. There has not been a final decision as to which projects would be included or deferred at the reduced funding level. The proposed 1989 reduction would affect approximately $1.6 million in continuing projects, as well as defer an additional $1.6 million in projects tentatively slated to begin in 1989.

Natural Resources Preservation Program

The proposed reduction in this program would have an impact similar to the effect of the proposed reduction in the Cultural Resources Preservation Program. Approximately $1.4 million in projects begun in prior years would be unable to be funded from this source. Approximately $2.6 million in new projects for 1989 would be unable to be initiated. However, much of this type of work could be accomplished from fee receipts available to the Service. The following listing represents some of the projects that might be deferred due to the proposed reduction.

Denali NP	Status and neonatal mortality of caribou
Shenandoah NP	Establish plots for monitoring
Rock Creek Park	Study fish and aquatic habitats
Southwest Region	Develop inventory and long-term monitoring
Glacier NP	Wolf recovery
Cape Cod NS	Dune revegetation
Great Basin NP	Develop/implement grazing management plan
Indiana Dunes NL	Develop geographic information system
Everglades NP	Florida panther population, prey and habitat
Crater Lake NP	Lake research
Sequoia NP and Yosemite NP	Fire ecology history of threatened ecosystems
Acadia NP	Implement fire management plan
Washington Office	Develop Servicewide initiative for biological control
Voyageurs NP	Implement fire management plan
Gates of the Arctic NP and PRE	Lake fish population and harvest impact study

HETCH HETCHY VALLEY

Senator McCLURE. Just one question with respect to Hetch Hetchy. I notice you have $600,000 in here for a study. The study, however, indicates that $450,000 of that is going to be Bureau of Reclamation expense and $150,000 is supposed to be Park Service expense.

Is that correct?

Mr. MOTT. That is correct; the allocation is going to the Bureau of Reclamation for them to continue their study as to the solution of removing the dam, or what the costs might be in that removal, and how far do we go in that removal process.

Senator McCLURE. And this doesn't show in their budget request?

Mr. MOTT. That is right. Our money would be allocated to them and used in connection with further study as to what the rehabilitation of the area might be in connection with removal of the water from the area.

WINTER USE OF YELLOWSTONE NATIONAL PARK

Senator McCLURE. To prove a point that has been made several times before on a different subject, visits to parks give you great opportunities and also cause you problems.

Senators Johnston, Wallop, and I made a recent trip to Yellowstone National Park. We learned that the winter use of the park has expanded from 6 private snowmobiles in 1964 to 45,025 snowmobiles in 1987.

How has your budget increased to accommodate that expanded activity?

Mr. MOTT. The budget has been increased by virtue of charging a $10 fee, which some of the snowmobile people have objected to, but that hardly pays for our total cost of maintaining the 200 miles of snowmobile trail in Yellowstone, grooming it, and putting it in condition for the snowmobile people.

Senator McCLURE. Did that $10 fee stay in the park?

Mr. MOTT. Yes.

Senator McCLURE. Was it a net addition to the park budget?

Mr. MOTT. Yes.

Mr. GALVIN. As a user fee, it comes under the general provisions of the fee legislation.

Senator McCLURE. It does now, but it has not until now. And that is why I was asking if that fee that was charged in the past went into enhanced park operations.

Mr. MOTT. No.

Senator McCLURE. Then it wasn't reflected in enhanced park budget. That was my question: How has your budget increased to accommodate the expanded activity?

Mr. MOTT. It has only increased since we have gotten the permanent legislation.

Senator McCLURE. From 1964 to 1988 there has been no change in the budget to accommodate that activity. Isn't that the accurate answer?

Mr. MOTT. That is correct.

Senator MCCLURE. So you have an entire new seasonal use for Yellowstone National Park that involves thousands of visitors, with no increase in the budget to accommodate it.

WINTER USE OF OTHER PARK AREAS

Mr. MOTT. That is correct.

This whole winter program is being reflected in a lot of our units. With the snowmobiles now, and cross-country skiing, it has become very popular. We are finding that in some of our national parks like Yellowstone, Glacier, and Voyageurs and so forth, that we are now finding the winter use almost as intense as the summertime use.

Senator MCCLURE. I went through the kitchens and watched how you were feeding people there. And if it were any other entity than the Federal Government, you would be closed down.

Mr. MOTT. In Yellowstone, the structures are not designed and haven't been built for wintertime use. Normally they have been closed down. We are doing the best we can with what we have.

Senator MCCLURE. Mr. Director, I understand that. I don't mean that remark to be critical of the Park Service or the personnel there, because they were clean, they were working hard to make it work. But the facilities are just absolutely and totally inadequate.

Mr. MOTT. That is correct.

Senator MCCLURE. I don't quite understand how we can go through, as we go through this looking at priorities and looking at a situation like the ones that exist there and do nothing about it. And I don't see anything in your budget that proposes any change.

Am I correct?

Mr. MOTT. That is correct.

UNFUNDED OPERATIONAL NEEDS

Senator MCCLURE. Are there other parks with operational needs like that that are unfunded?

Mr. MOTT. Yes; wintertime use is increasing in a number of our units. Voyageurs National Park and some of our other areas are experiencing the same impact of snowmobiles and cross-country skiing.

Senator MCCLURE. Do you at Voyageurs groom trails and so on, the same way you do in Yellowstone?

Mr. MOTT. We will be doing that.

Senator MCCLURE. But you haven't done it yet?

Mr. MOTT. Yes, we have, on certain trails. But we have a plan now, a trails plan for cross-country activities, that is now being reviewed. When that is completed, we will have a major trails system for cross-country skiing as well as snowmobiles at Voyageurs.

Senator MCCLURE. Mr. Director, I suspect anytime you visit you will find some things that might be improved, but I was really shocked at what I saw there in terms of the impact. It isn't just a failure to add money for the budget for the winter program, because you have a winter program.

What that means is you are drawing from your summer program in order to finance what you do in the winter program.

Mr. MOTT. That is correct. The pressure is there and we are doing the very best we can to maintain not only the parks in good condition in the summertime, but also to take care of this winter pressure.

WINTER HOUSING AT YELLOWSTONE NATIONAL PARK

Senator MCCLURE. Senator DeConcini mentioned the housing program review. Does that include the wintertime housing at Yellowstone?

Mr. MOTT. That would be one of the areas where we would have to improve our housing, because the housing is basically for summertime use.

Senator MCCLURE. And yet it is being used in the wintertime.

Mr. MOTT. That is correct.

WINTER USE OF VARIOUS PARK AREAS

Senator MCCLURE. Mr. Director, I think there is much more that needs to be done there. I would solicit your comments about what should be done and how you are going to accommodate that need, because I don't see how it can continue.

You have got snow coaches running in there, with hundreds of people a day. You have snowmobiles bringing thousands of people in there. You have no basic facility to handle that increase, and a different kind of use—the winter use is different from the summer use, and there is no budgetary allowance at all to handle that usage.

Mr. MOTT. As you know from your trip there, the safety facilities are all temporarily moved in. The toilet facilities are moved in. The warming huts are moved in. All of this is part of that total program that has developed at Yellowstone and other areas, and there is increasing pressure with regard to this whole program of snowmobile trails from Grand Teton up through Yellowstone and on to the crest.

All of these things are developing, and we are going to find more and more of that, and we will be glad to provide you with a report as to what are some of the requirements that are going to be necessary in order to accommodate this program.

Senator MCCLURE. A funny thing like trash accumulation, because you can haul the food and supplies in, but you don't have any facility to haul it out until the spring thaw.

When I was there, every last bit of trash storage capacity was already full, which means that they are going to be putting trash in the summer occupancy rooms, and then when the spring comes and they haul it out, they are going to have to clean it out.

Mr. MOTT. That is very true.

Senator MCCLURE. That doesn't sound to me like a very good management plan, although it is there, and they are doing the best they can.

Thank you very much, Mr. Chairman.

Senator BYRD. Thank you, Senator McClure.

[The information follows:]

WINTER OPERATIONS, YELLOWSTONE NATIONAL PARK

Copies of the National Park Service report entitled "Winter Operations, Yellowstone National Park" were provided to the committee.

The National Park Service is currently analyzing the highest servicewide priority needs of park areas. The Yellowstone report proposal will first be weighed against other needs at the park, especially those which potentially effect visitor and staff health and safety and second against the competing needs of other park areas some of which are also experiencing changing visitation patterns.

FORT UNION TRADING POST NATIONAL HISTORIC SITE

Senator BYRD. Senator Burdick.

Senator BURDICK. Mr. Mott, I want to talk to you for a minute. I have gone through Yellowstone and I am familiar with the trails traveled by Lewis and Clark, General Custer, and everybody else.

What is the situation at Fort Union?

Mr. MOTT. As you know, we will be completing our archeological studies there and are planning to complete the Palisades—we are in the process now of the third phase of that development.

With the support that we have received from the local people, which has been tremendous, I think that we have an opportunity to proceed on that program very effectively.

LOCAL FUNDRAISING

Senator BURDICK. I was told that an agreement was reached here some time ago, that you and others believed we could raise enough private money to complete that. The community went out and raised $100,000, but some of these projects in need haven't been coming through quite so well.

What is the situation regarding those solicitations? If we could get this money, you wouldn't have to have any Federal money, as I understand it.

Mr. MOTT. That is true.

The fundraising that we have attempted to do has not been successful. The local people have done more than their share in raising funds. They have done a tremendous job there and we are embarrassed by the fact that we have not been able to carry out our part of the bargain in connection with that funding program.

Senator BURDICK. A little appropriation now would take care of all that embarrassment.

Mr. MOTT. That is right.

Senator BURDICK. What are our chances?

Mr. MOTT. I can't answer that, sir.

Senator BURDICK. You wouldn't oppose a little added appropriation, would you?

Mr. MOTT. Probably not. [Laughter.]

Senator BURDICK. We all agree it is a good project. It is a very good project.

Mr. MOTT. I think it is one of the outstanding projects of private contributions. For those people up there in a depressed area to do what they have done is really outstanding. They have done a job that, at the beginning of this whole program, nobody anticipated they would be able to do.

Senator BURDICK. The housing has all been built. It is in the cleanup process.

Mr. MOTT. That is right.

Senator BURDICK. Money has been spent and most of the job has been done, and we have to find money someplace just to finish it up.

Well, I hope we can give you help along the way.

Thank you.

Senator BYRD. Senator Stevens.

ALASKA MINING CLAIMS

Senator STEVENS. Thank you very much.

I, too, have a series of questions. One of them that I am worried about is the progress of the Park Service in preparing the environmental impact statements on mining claims.

The Bureau of Land Management has told us that they will finish all of theirs. They have done considerably more than the Park Service. They will have them all finished by April. I have written the Park Service, and I think you, Secretary Horn, a letter on this, that our State is really in the depth of a depression now and we have a dollar/foreign currency situation that is a spur to the development of the mining potential of our State if we could only get some of these things cleared.

Can you tell us what you are going to do, if you can do anything, to accelerate getting these environmental impact statements out?

Mr. HORN. Senator, let me just respond first, and then ask the regional director to follow up with the details.

We have been pressing on getting them complete, because we are fully cognizant of the inequity that the legal situation has worked on a number of these miners who are basically foreclosed from operating until we have completed these court-ordered environmental impact statements.

The difficulty that we have had with them has been to comply with the particulars of the district court directions which have gotten us into some unprecedented EIS areas in assessing cumulative impacts and such, and the court has sort of retained a continuing jurisdiction to take a look to ensure that our statements do comport with the judge's direction. And that has added additional time to getting the EIS's completed.

We don't want to try to cut corners, get them done, and then go back and have the judge tell us no, you are wrong again; go back and start from scratch.

So we are pressing. We have been fortunate in that with a couple of areas, the court has been willing to grant individual operators variances to let them go ahead and operate without having completed the comprehensive environmental impact statements, so we have been able to deal a little more equitably with a couple of the operators.

That is kind of where we stand. I would ask the regional director to provide the details on where we are getting ready to finish some of these up.

Senator STEVENS. Senator McClure says this amounts to making the courts into the managers of the mining potential of Alaska through the problem related to environmental impact statements from the Park Service. Keep in mind that 70 percent of all the Park Service lands is in my State.

To understand the impact of this, I would be happy to have a statement from the regional director. I know he is my good friend and he is doing the best he can, but I think it is money, frankly. I think there has to be some recognition of the fact that the court enjoined ongoing mining operations until you finished an environmental impact statement that none of us felt was really required.

Mr. HORN. I will say, sir, that we have earmarked extra millions of dollars in the last 2 years to really upgrade our capability to do these types of court-ordered environmental impact statements and to do them on an expeditious basis.

I think this committee has approved reprogramming in the past, and I know we have asked for additional money. So we have been committing multiple millions of dollars to get this job done. Unfortunately, the nature of the court orders are such that we are sort of on the cutting edge of environmental impact statement work in this area.

ALASKA WILDERNESS DESIGNATIONS

Senator STEVENS. A related question is the requirement of the Alaska National Interest Lands Conservation Act, ANILCA, that the Park Service submit by December 2, 1987, the recommendations to Congress for the designation of which park and refuge lands in Alaska should be designated as wilderness.

I understand that the refuge group completed their studies, but the President did not meet that deadline because the Park Service did not complete environmental impact statements required.

Now we have one outstanding, and I understand that the deadline for public comment is 1 day before the decision is going to be made on the environmental impact statement.

Can you tell us, will this be completed? We put a direction, as a matter of fact, in our continuing resolution that this be completed no later than September 30, 1988. It has been ongoing for 8 years.

Why has it taken so long?

Mr. HORN. We had difficulties getting rolling because of the tie-in with the general management plans which the lands bill also directed us to do, and we did, I think, an extraordinary job in working with the State and affected local residents to get those general management plans put together in a very sensitive fashion. That took additional time and basically, because the planning staff was involved in getting the general management plans completed, we didn't get to transfer them over to doing the wilderness work on as expeditious a fashion as we wanted.

We are now moving ahead very, very rapidly on the wilderness proposals. Instead of saving them for bloc, we have agreed to sequence them and put them out three or four at a time. I think the first ones may have already gone out, or are about to go out any day now. My expectation is we will be approaching the committee for approximately a $1 million reprogramming request to put additional dollars into this accelerated wilderness project so we can be completed by this fall.

The Fish and Wildlife Service, as you indicated, is almost finished, and our expectation is to basically wrap the Fish and Wildlife wilderness proposals and the Park Service wilderness proposals in a package and have them for the President this fall, so he is in a position to transmit them to Congress in accordance with the committee's directive.

Senator STEVENS. I still have great difficulty with this, and I am sure that Members of Congress know how I feel about it. We end up with 70 plus percent of the Park Service, 80 plus percent of the Refuge Service, and now we will have 85 percent of the wilderness of the country in our State. About one-third of the State will be totally inaccessible to anyone except backpackers when we are finished.

I think that the great problem is that it is just being stretched out now. You know when we started this? We started this with the passage of the Land Claims Act in 1971. These lands have been frozen since 1971. In any other system, we would have rebelled by this time.

My people are just short of that right now, in case you don't know it. It is really sad.

FUNDS FOR ALASKA AREAS

That brings me to the money, Mr. Director, because I note that in this budget, there really is no recognition of the vast amount of land that we have. Although the overall budget increases, this budget for Alaska decreases substantially.

Can you tell me why that is?

Mr. MOTT. It is because of the addons that have been taken out of our 1989 budget. The 1988 addons, in all instances, have been removed from the 1989 budget.

INACCESSIBILITY AND LACK OF VISITOR FACILITIES

Senator STEVENS. God and the Alaskan people may not keep me here long enough to put visitor facilities in all these national parks that you all asked Congress to create.

Are you ever going to come up with a plan for what you are going to do with this land you asked Congress to set aside for national parks in Alaska?

How many parks now, just for the information of my friends here in this committee, have no visitor facilities?

Mr. MOTT. In Alaska?

Senator STEVENS. Yes.

Mr. HORN. I will answer in the positive, that only three of the parks—well four—five, excuse me—Glacier Bay, Klondike, Sitka, Katmai——

Senator STEVENS. Well, Sitka has a city.

Mr. HORN. Yes.

Those are basically the parks with visitor facilities. The vast bulk of the parks do not have any visitor facilities at this time.

Senator STEVENS. We not only have no visitor facilities, we have no access. Absolutely no access—by road, by airplane. No landing fields. The only way you can get in there now is to charter a twin-engine plane. In most instances, in summertime, a float plane.

You have created a playground for the very, very rich of the world—or yourselves. I want to know when are you going to give us a plan so that John Q. Citizen can get into these areas that the Congress said are so beautiful they ought to be preserved for Americans to see?

Mr. MOTT. Maybe Boyd can answer your question.

Mr. EVISON. Senator, as you know, there is a provision in ANILCA for access not only to ordinary parklands by aircraft, fixed wing aircraft, we have——

Senator STEVENS. There is no reservation for fixed wing, Boyd. I don't want to get in that argument now. There is nothing in the history that shows you can only get into those areas by fixed wing.

Mr. EVISON. At any rate, there is probably the most extensive access to back country parks in Alaska that exists in the system because of that provision.

Senator STEVENS. But that is only for people who fly in small float planes, right, and in small aircraft. There are no facilities set up.

Who are your visiting people? Are they mostly people over 50 that go see the national parks?

Mr. MOTT. A large percentage are over 50, but not necessarily—they are not the only ones that go to the national parks.

Mr. EVISON. Actually there is road access to acreage in Alaska, in Alaskan units of the National Park System almost as great as the entire remainder of the National Park System.

Senator STEVENS. That is because there are three of them that are bigger than all the rest of the park system. That is an interesting statement. There is access, access to Denali Park. It is 14 million acres. How many parks down here about equal 14 million acres?

Mr. EVISON. Not quite 14 million acres.

Senator STEVENS. You can get into the Wrangells. You can get into it, but you can't get off the road.

I really think that the public has to understand; I get called repeatedly from American citizens wanting to know where do you go to get access to these parks. They get your maps. It is like a grade A stamp on beef. Everybody knows if you go to those areas, they are designated as parks. But you can't get in there.

I really think you have got to come up with a plan. You have got to come up with a plan as to what to do with these areas. And if you don't, the public is going to be very disturbed.

Are you saying that once we establish a guideline for, say, a visitor facility or some form of access for these parks, that you automatically

just discount addons? You have not funded any addons in your budget anywhere?

Mr. MOTT. That is correct.

Senator STEVENS. I think that really is an audacity, coming from the executive branch now, that I just can't understand. We represent our States, and we know, I think better than most of you, what the people in those States and the country want to see in terms of these parks. And if Congress agreed with and provides funds, why should you automatically defund anything that the Congress initiated?

FEE DISTRIBUTION TO ALASKA AREAS

Mr. HORN. Senator, let me just add two comments. I think that in putting together the budget, obviously, one of the constraints—and it cut very badly against Alaska—was the fee distribution formula, because 90 percent of the funds had to be distributed, 50 percent basically went back to the collecting parks, and with the limited exception of Denali, you have no fee parks in Alaska.

Then, of course, the remaining funds were distributed on a pro rata basis, depending on the base budget. There again, because the Alaska parks have small base budgets on an individual basis on a pro rata share, they got a very, very small percentage of the fee money. As a consequence, by and large, most of the fee enhancement, the $52 million fee enhancement basically passed over the State of Alaska.

That is the fundamental problem we have in terms of dealing with Alaska in the operations account.

VISITOR FACILITIES DEVELOPMENT

Changing over and looking at the visitor facilities, our first step in that direction was within the context of the general management plans where particular areas have been identified and kept off of wilderness designation because of the future potential for some development. I can think of the Twin Lakes area and Lake Clark. Congress excised it from wilderness. We have looked at the same thing. There is some potential in areas like that.

We have been working with the State on the development of new facilities jointly with the State on the south side of Denali so that people can go up and see the mountain, whereas, as you know, you cannot see the mountain from the current visitor areas.

So we have begun to take steps in that direction. Obviously we could accelerate our planning and evaluation efforts for where we might locate visitor facilities, but the GMP's are the first step in that area, and that is a step that we have basically completed.

PROPOSED ADVISORY COMMISSION

Senator STEVENS. I would hope that you and the Director will get together and accede to my suggestion that we have a commission appointed to advise the Secretary and the Congress as to what facilities are going to be needed in these areas.

We get allocations of airport funds. We could build you some airports in these parks if you would let us have access to do it. And if you had an airport, you would then have a place where people could come in with regular passenger aircraft that can carry a substantial number of people, at least a few people. Even a small commuter aircraft might have access.

I think most of these people, other than my friend from Nevada, don't understand what it means not to have access. But we can't get in there to build the airports, and you won't put up any facilities until you have access. I think we could go on forever in this situation, and in my judgment some future Congress is going to disestablish these parks if you can't get to them and people start complaining that they are what I think they are, and that is playgrounds for the very, very rich of the world.

We can show you the people that are going in there now. We had one person go in there—and you know who it was—went in and set up a whole camp on a big lake and then took two or three people in. No one other than the very, very rich can do that. And that is not what parks are for. Parks were created for people, in my opinion, and not just for the very, very rich.

I think you have got to do it. We have about 2 percent of the funding in this bill for an area that has got 70 percent of the parkland and 80 percent of the refuge land.

As my friend says, if you automatically exclude congressional addons from the base of your budget, Alaska parks will never go ahead, because you are not making any requests. You are not making any requests for funding for facilities, and these parks have been in existence now 10 years.

GENERAL DEVELOPMENT PLAN

Mr. MOTT. We have completed the general development plan for all of the parks in Alaska and we know what needs to be done and what facilities are required in order to make these parks accessible and so forth.

Senator STEVENS. But they are all based on no airports and no roads. Unless you find some way to let us help you build access to them, John Q. Citizen is never going to get there. To have access by float plane or by these planes that carry one or two people will never do it. You know it and I know it.

Now, there has got to be some coordination with your people and the State to get air access or road access into these areas. And we are ready. The State has said, time and time again, they are ready to work with you.

I have had my time, I am sure. But I think, and I am grateful to my friend for scheduling this hearing with all of you here, I think something has to be done for the matter of fairness for the amount of land that you now control. You are starting to cite people for trespass for going into these areas.

Mr. MOTT. Isn't it a question of coordination and cooperation between Federal Government and State government?

Senator STEVENS. We always thought that that council we established under the Lands Act of 1980 would come forth with some recommendations of what to do. But it has not.

It is coordination, but it is also recognition by your people of the need to continue some of these addons once in a while. It puts an impossible job on us every year, for us to come to this committee and say, but Alaska has been completely left out. You don't leave out the initiatives in other States.

Mr. MOTT. We have not just excluded the addons for Alaska. We have excluded addons all the way through the budget.

Senator STEVENS. But you request money for other States. You don't request it for ours. So there are always addons for Alaska. I don't think, other than Mount McKinley Park, there has been any money added to this budget since I have been here, by executive request.

We started Sitka. We started the visitor facilities at Katmai, and gradually they got far enough involved so that you then adopted them into your budget. But I think you put a tremendous burden on this committee. It has been this committee. It hasn't been the House committee. It has been this committee that has initiated all that money. But it is an annual process, and these guys get tired of hearing me come down the hall.

I hope you will appoint that commission, and I hope that some day you will recognize what you have got. You have got the most valuable land in the world, in my opinion. It is a staggering amount of land. You have more land under your control than most of the States of the United States.

Mr. MOTT. We understand that.

Senator STEVENS. It is bigger than Texas; do you know that?

Mr. HORN. Senator, I think the commission is an idea worth pursuing, and we will take it under advisement and see if we can get you a positive report sooner than later.

Senator STEVENS. All right. Thank you very much.

Thank you, Mr. Chairman.

MEMORANDUM—OFFICE OF MANAGEMENT AND BUDGET DIRECTOR MILLER

Senator BYRD. Thank you.

I am going to take the liberty of asking another question or two at this point. Then I will ask another Senator to chair the hearing.

I call attention—I am quite sure this memorandum has been referred to before—I call attention to the memorandum of March 15, a memorandum for Cabinet officers and agency heads from James Miller III, subject matter of which is fiscal year 1988 wasteful, unnecessary, and low priority spending projects and directives.

I quote from this memorandum:

> I remind you and ask that you remind all employees of your agency that congressional reports have no force of law. They are not approved by a vote on the floor of either House of Congress, nor are they presented to the President for his decision.

What Mr. Miller in essence is saying, is just disregard this committee report.

Senator McCLURE. Mr. Chairman, would you yield on that point?

Senator BYRD. Yes.

Senator McCLURE. I have already discussed with the distinguished Senator from Oregon, Senator Hatfield, the possibility of simply bringing a bill to the floor which is all of the report language in the continuing resolution.

Senator STEVENS. Would the chairman yield to me?

Senator BYRD. Yes.

Senator STEVENS. Mr. Miller doesn't understand that the conference report is, in fact, the law. We vote on a conference report, and this year it is all in the conference report.

I have never seen a more—if you want to talk about arrogance, that's it. And I will be glad to tell my good friend, the majority leader, I have a bill being drafted to privatize the OMB. [Laughter.]

The OMB has presided over the coordination of the budget during the period of time that it has increased more rapidly than any Government's budget has ever increased. I think we could make business principles apply to the OMB, and I think Mr. Miller ought to know that we are going to privatize the OMB.

Just contract that out every year, so that we don't have the same brains that have been washed before dealing with the problems that Congress addresses every year. And it will be a very interesting proposition, I think.

Senator BYRD. The committee report that I have in my hand is the report dealing with the appropriation for the Department of the Interior and related agencies. There are 208 pages in it.

What Mr. Miller is doing here is asking all Cabinet officers and agency heads to just disregard this total committee report, don't pay any attention to it, because he cannot single out the 6 items in it, or 12, or 100, and say disregard those because the report means nothing.

These reports have been an instrument whereby the Congress can provide the guidelines to agencies and departments in the expenditures of money, without having to write every detail into the bill itself. Committee reports have been accepted in this way for much longer than Mr. Miller has been associated with the Government.

NEW RIVER GORGE NATIONAL RIVER

I want to ask you while we are on this subject, Mr. Miller's statement regarding construction funding at New River, item IN–21, New River Gorge National River, this has reference to the funds that were added to the $2 million last year, referred to in the report as the $2.1 million that was already available.

Senator STEVENS. Are you trying to ask us to clean up our act? [Laughter.]

Senator BYRD. I am saying here that the report refers to $2 million which has been added to the $2.1 million previously available, makes a

total of $4.1 million to complete this facility for construction of the park headquarters and the development of additional day use facilities that are postponeable, nonessential, or low priority.

I suppose the Park Service has proceeded already with planning and design and some land acquisition for this.

Mr. GALVIN. That is correct. Planning and design is complete, and land acquisition is nearly.

Senator BYRD. How much money has been spent already, then?

Mr. GALVIN. It is on the order of $1 million.

Mr. COLEMAN. For land acquisition and everything, probably on that order, the planning and land acquisition.

Senator BYRD. That has already been spent; right?

Mr. COLEMAN. It is $300,000 for the major land acquisition element by itself and then there are other pieces of land that we bought, and I don't know what the values of those were. And then there is the planning, design, and construction for the headquarters facility that has already been completed, and those plans are going out on the street in April.

The second phase for the bank building and parking will go out this summer, and the planning for that has moved along.

Senator BYRD. In light of the almost total lack of permanent visitor facilities at this 10-year-old park, do you agree with Mr. Miller's statement? Would you say that that statement is accurate?

COMPLIANCE WITH COMMITTEE REPORT LANGUAGE

Mr. MOTT. It is felt that the report is just as valid as the appropriation.

Senator BYRD. In this memorandum he says:

> I ask that you review this and add any items that we may have missed. Give me a status report by March 21 and then report back to me within 30 days for each item: One, whether you intend to follow the congressional request.

Let me ask you now: Do you intend to follow the congressional request?

Mr. MOTT. We haven't received any letters or memoranda relative to the subject, so we are assuming we follow the report.

Senator BYRD. You haven't received any letters or memoranda from whom?

Mr. MOTT. From the Secretary's office.

Senator BYRD. You have received this memo, have you not?

Mr. MOTT. No; not to my knowledge.

Senator BYRD. Let me ask the budget officer.

Mr. ITTEILAG. On March 16, we provided the memorandum from Mr. Miller and the backup data, along with a cover note written in my office, to each of the bureaus of the Department, including the Park Service.

Senator BYRD. Can we have something for the record out of all this back and forth? Do you intend to comply with this request?

Mr. ITTEILAG. Mr. Chairman, what we have to do first is to report on the obligation status of each of the projects. Then later on, a subsequent report has to be made to the Office of Management and Budget.

We regard, as the Director said, the reports as having almost the same effect as if they were in the law. The Secretary has said before this committee and before the House of Representatives that he would, except under the most extraordinary circumstances, comply with committee report language.

We have told the Department's bureaus, including the Park Service, as of March 16, that they are not free to use the money for any purpose other than it was designated in the reports, without an approved reprogramming action by the committee.

Unless the Secretary were to receive specific direction from the Office of Management and Budget, that would be the way in which we would proceed. We understand the difficulties of the overall budget situation, but it is not our intent in any way, shape, or form not to comply with the committee's report language.

STATUS REPORT

Senator BYRD. Mr. Miller asked for a status report on March 21 as to whether you intend to follow the congressional request.

Would you supply this committee with a copy of the status report that you send to Mr. Miller?

Mr. ITTEILAG. Yes, we will, Mr. Chairman. The status report that is due today is only that of identifying these moneys and to what extent they have been obligated. The subsequent status report, that is the one that requires the Secretary to declare his intention, is not due until some weeks from now, but we will be happy to provide it.

Senator BYRD. All right.

The report that he is referring to as being required by today is one in which you must state or the agency heads or Cabinet officers must state whether you intend to follow the congressional request; two, whether you intend to partially comply with the request; and three, the reasons for your intended or partial compliance with the request.

Now, may we have a copy of that status report so we are advised as to how you are responding to Mr. Miller's request as it deals with these items that he has set forth as being wasteful, unnecessary, and low priority spending projects?

Mr. ITTEILAG. We would be happy to provide the report, Mr. Chairman.

[The information follows:]

STATUS REPORT ON CONGRESSIONAL REQUESTS

Upon completion of the status report, copies will be provided to the committee.

Fiscal Year 1988 Wasteful, Unnecessary, and Low Priroity Spending Projects and Directives

Copies of Office of Management and Budget and the Department of the Interior Correspondence entitled "Fiscal Year 1988 Wasteful, Unnecessary, and Low Priority Spending Projects and Directives" follow:

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
MAR 15 1988

MEMORANDUM FOR CABINET OFFICERS AND AGENCY HEADS

FROM: James C. Miller III

SUBJECT: FY 1988 Wasteful, Unnecessary, and Low Priority Spending Projects and Directives

On March 10, 1988, the President sent to Congress examples of wasteful, unnecessary, and low priority spending projects included in the full-year Continuing Resolution (P.L. 100-202). In addition to that list of bill items, a number of wasteful projects are included in the House and Senate Reports accompanying the individual appropriations bills and the Conference Report accompanying the Continuing Resolution. Enclosed with this correspondence is a listing of those projects and directives by agency.

I remind you, and ask that you remind all employees of your agency, that Congressional reports have no force of law. They are not approved by vote on the floor of either House of Congress, nor are they presented to the President for his signature.

Accordingly, I ask that you review this listing, add any items that we may have missed, give me a status report by March 21st, and then report back to me within 30 days, for each item: (1) whether you intend to follow the Congressional request, (2) whether you intend to partially comply with the request and in what manner, and (3) the reasons for your intended full or partial compliance with the request.

I remind you that the actions that Executive Branch officials may take to withhold funds from obligation are severely limited by statute and court decisions. You and all your employees should be careful that no action or inaction on your part would result in a court judgment that funds have been improperly deferred or rescinded. You may, however, redirect funds not legally required to be used for a particular wasteful, unnecessary, or low priority project to a legally authorized and higher priority project.

Attachments

ITEMS EARMARKED IN THE FY 1988 REPORTS
THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET
(in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
		Department of Interior				
		Fish and Wildlife Service:				
IN1	A-872 N-17 O-18	Cooperative Fish and Wildlife Units	0.8	0.8	---	0.8
		Funds are provided to establish a research unit at Texas Tech University, to fund the Minnesota cooperative unit and to expand the cooperative unit at North Carolina State University. Appropriations fund staff research positions at each university, funding that is more appropriately the responsibility of each university.				
IN2	A-872 N-17	National Fishery Research and Development Center	0.3	0.3	---	0.3
		Additional funds are provided for the National Fishery Research and Development Center at Wellsboro, PA for "full staffing needs" inhibiting the Department's flexibility to match appropriations with identified program needs.				
		Construction: Fish and Wildlife Service:				
IN3	A-873 O-19	Kenai National Wildlife Refuge, Alaska	0.3	0.1	0.2	1.5
		This directs initial funding for lower priority, discretionary rehabilitation of existing recreational facilities for the Skilap Loop in the Kenai NWR. Total costs are projected at $1.5 million.				
IN4	A-873 O-19	Kodiak National Wildlife Refuge, Alaska	0.5	0.1	0.3	0.5
		This funds discretionary reconstruction of existing, remote field station facilities at Karluk Lake. Original Senate amendment proposed $0.15 million to reconstruct shop and bunkhouse facilities. Report language to the full year CR more than tripled the original amendment greatly exceeding any identified needs.				

ITEMS EARMARKED IN THE FY 1988 REPORTS THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET (in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
IN5	A-873 N-19 O-20	Land Acquisition	52.0	23.0	23.0	802.0
		Over $51 million has been added to the CR for the following specified and discretionary land acquisitions:				
IN6	A-874 O-21	(a) Tensas NWR, LA	(1.7)	(0.7)	(0.7)	(1.7)
		53,000 acres have already been acquired for the Tensas at a cost of over $51 million. These funds would be used to acquire yet additional tracts determined to be a much lower priority acquisition by the Department of the Interior.				
IN7	A-873 O-21	(b) Crystal River NWR, FL	(0.7)	(0.3)	(0.3)	(0.7)
		Funds are to acquire a 2.5 acre tract for a future visitor information center that the Department of the Interior has determined to be unneeded. This acquisition was determined to be low priority and had received no priority rating from the FWS.				
IN8	A-874 O-21	(c) North American Waterfowl Management Plan	(6.0)	(1.2)	(2.4)	(750.0)
		Funds will be used to acquire wetland waterfowl habitat identified in the Plan, duplicating the wetland acquisition preservation effort in the Migratory Bird Conservation Account, totaling over $29 million in FY 1988. Costs for full implementation of the Plan have been estimated at $750 million.				
IN9	A-874 N-19 O-20	(d) Aransas NWR, TX	(5.0)	(5.0)	---	(5.0)
		Forces the Federal acquisition of nearly 5000 acres on Matagorda Island to be purchased from the Nature Conservancy, a private land conservation organization, even though the property was fully protected under the ownership of the Nature Conservancy. This sale represents only half of the total acerage held by the Conservancy on this site.				

ITEMS EARMARKED IN THE FY 1988 REPORTS
THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET
(in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
		National Park Service:				
IN10	A-874 N-20 O-23	Operation of the National Park Service	5.7	4.3	1.4	5.7
		Funds have been added or earmarked for a variety of site specific projects primarily of local interest or are too low in priority to obtain Park Service funding through the annual budget requests. Examples follow:				
IN11	A-874 O-23	(a) Jean Lafitte National Historical Park, Louisiana	(0.3)	(0.3)	---	(0.3)
		Report directs additional and special interpretation at several sites within the national historical park.				
IN12	A-874 O-23	(b) West Virginia Park Areas	(0.6)	(0.6)	---	(0.6)
		Report language directs seven specific earmarkings of funds in the New River Gorge National Recreation Area or the Harpers Ferry Historic Park.				
IN13	A-874 O-23	(c) Arkansas Park Areas	(0.4)	(0.3)	(0.1)	(0.4)
		Report language earmarks additional funds for operations of the Fordyce Visitor Center, Hot Springs National Park, and the Buffalo National River.				
IN14	A-878 N-25 O-31	Construction	62.0	9.3	12.5	62.0
		Funds for various projects have been added. A number of those projects are of such low priority that they are not included in the National Park Service priority list, which contains over 500 projects. Others represent Federal funding of non-Federal properties, are not economically viable, or should be deferred given the fiscal situation. Some specific examples are listed below:				

ITEMS EARMARKED IN THE FY 1988 REPORTS THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET (in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
IN15	A-878 O-26	(a) Johnstown Flood Museum, Pennsylvania	(4.3)	(0.6)	(0.9)	(4.3)
		This is a $4.3 million Federal grant to a privately owned and operated museum and is intended to enhance tourism in the Johnstown area. Another $1.65 million is added for planning several developments associated with the American Industrial Heritage Project (AIHP). The AIHP is a major $150-plus million project to develop tourist attractions for local economic gain with the Federal taxpayer bearing the costs.				
IN16	A-878 N-25	(b) Faneuil Hall, Boston National Historical Park	(3.0)	(0.4)	(0.6)	(7.5)
		Funds are directed to be used to rehabilitate a historical building owned by the city of Boston. The city rents the building out to a number of tenants but does not share the rent with the National Park Service. The total project cost is currently estimated at $7.5 million.				
IN17	A-878 O-31	(c) Lafitte National Historical Park, Louisiana	(6.3)	(0.9)	(1.3)	(6.3)
		Funds would be used to construct Acadian cultural centers at three locations and an environmental education center. The cultural centers would be operated by the local communities. This is local development at the expense of the Federal taxpayer.				
IN18	A-878 O-31	(d) Buffalo National River, Arkansas	(4.4)	(0.7)	(0.9)	(4.4)
		Funds would be used to construct local campgrounds for the benefit of nearby communities. This should be paid for by the local beneficiaries or developed with private capital.				

ITEMS EARMARKED IN THE FY 1988 REPORTS
THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET
(in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
IN19	A-878 N-26 O-32	(e) Lowell National Historical Park, Massachusetts	(1.5)	(0.2)	(0.3)	(1.5)
		This is a grant to a private commission that already has large amounts of unobligated funds. The Federal role is unnecessary.				
IN20	A-878 N-26	(f) Cuyahoga Valley National Recreation Area, Ohio	(1.5)	(0.2)	(0.3)	(1.5)
		More Federal money for what is clearly a city park that should be paid for by the adjacent communities. It consists of renovation of old farmhouses and erosion control.				
IN21	A-878 O-32	(g) New River Gorge National Park, West Virginia	(4.1)	(0.6)	(0.8)	(4.1)
		Funds are to complete the park headquarters added last year and development of additional day use facilities that are postponeable, nonessential, or low priority.				
IN22	A-878 N-26	(h) Tuskegee National Historic Site, Alabama	(2.6)	(0.4)	(0.5)	(2.6)
		This is a Federal grant to a private institution to renovate privately owned buildings and to build an underground parking garage.				
IN23	A-878 N-26	(i) Guadalupe Mountains National Recreation Area, Texas	(3.7)	(0.6)	(0.7)	(3.7)
		Funds are for a 9,600 square foot visitor center and administrative headquarters at a very low visitation park area that DOI would not build at this time.				
IN24	A-879 N-27 O-35	Land Acquisition	29.3	10.3	11.7	529.3
		A number of land acquisitions have been funded that do not materially add to the value of the national park system. They often provide local aesthetics, enhance State and local economics, or force the purchase of privately held lands for aid to individuals. Several examples follow:				

ITEMS EARMARKED IN THE FY 1988 REPORTS
THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET
(in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
N25	A-880 O-35	(a) Home of FDR National Historic Site, New York Funds are added to purchase 2.5 acres of land at an extremely high price of $200,000 per acre. The land is not included in the National Park Service list of lands required to protect the purposes of the historical site. The acquisition is solely to satisfy local anti-development interests.				
IN26	A-879 N-27 O-35	(b) Cuyahoga Valley National Recreation Area, Ohio This is more acquisition for a park that primarily enhances a local area, and the 400 acres acquired will cost the taxpayer an average of $12,500 per acre.	(5.0)	(1.8)	(2.0)	(5.0)
IN27	A-879 N-27	(c) Santa Monica Mountains National Recreation Area, California This park unit is of highly localized significance. This is another installment on a total estimated cost of $500 million if the entire authorized area is acquired.	(1.0)	(0.4)	(0.4)	(500.0)
IN28	A-880 O-35	(d) Rocky Mountain National Park, Colorado This funds the acquisition of a 140 acre privately-owned ranch that is not necessary and not wanted by DOI at a price which grossly exceeds the appraised value.	(1.0)	(0.4)	(0.4)	(1.0)
IN29	A-879 O-35	(e) Chattahoochee National Recreation Area, Georgia This funds the acquisition of non-essential areas in the Atlanta region.	(3.0)	(1.0)	(1.2)	(3.0)
IN30	A-880 O-35	(f) New River Gorge National River, West Virginia This funds another land acquisition to go along with other 1988 adds to construct facilities and increase operating expenses at this site. Acquisitions can be postponed or foregone.	(4.1)	(0.6)	(0.8)	(4.1)

ITEMS EARMARKED IN THE FY 1988 REPORTS THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET (in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
IN31	A-879 O-34	State Land Acquistion Grants	17.0	6.0	6.8	17.(
		More than $3 billion has been provided to the States for land acquisition for State and local parks. States must make their own determination of the relative priority of additional acquisitions. The Federal deficit should not be increased for non-Federal activities.				
		Bureau of Indian Affairs:				
IN32	A-891 N-52	Navajo Indian Irrigation Project, AZ	3.5	0.8	2.0	3.5
		Continues expansion of a massive project with questionable economic justification. Experience has been that as each increment is added, the Navajo tribal farm operation is driven deeper into debt. Also, funding of irrigation projects reduces availability of resources to meet much higher priority dam safety repair needs.				
IN33	A-891 N-52 O-58	Other Indian irrigation projects	4.5	1.0	2.5	4.5
		Seven projects in Arizona, Florida, Montana, North Dakota and South Dakota. While some have positive benefit-cost ratios, all are low priority and displace needed funding for dam safety repairs.				
IN34	A-891	Pierre Indian Learning Center, SD	1.2	0.3	0.7	1.2
		Provides special treatment and funding for a school improvement project. Necessary design work has not even been done.				

ITEMS EARMARKED IN THE FY 1988 REPORTS
THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET
(in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
IN35	A-893 N-53	Honobia Indian Road, OK Supports construction of highway project that is not located on Indian trust land and therefore would not normally be eligible for BIA funding. Amount is in addition to $10 million earmarked from the Oklahoma Federal Aid highway allocation (with the local matching requirement waived) in FY 1987.	1.0	0.5	0.5	1.0
IN36	A-886 N-42 O-47	Operating program add-ons for specific tribes (see below for examples).	9.8	8.4	1.4	9.8
IN37	N-48 O-53	(a) Washington State Timber-Fish-Wildlife Initiative Pays for tribal share of agreement with State, environmental groups, timber industry to mitigate adverse impacts of logging on fisheries. Such costs should be borne by the timber industry which causes the problem.	(2.0)	(1.7)	(0.3)	(2.0)
IN38	N-47 O-53	(b) Gila River Farms crop establishment, AZ Funds new crop development for an already profitable tribal agricultural enterprise. Precludes cost-sharing and other limitations associated with BIA economic development grant program.	(0.7)	(0.6)	(0.1)	(0.7)
IN39	A-890 N-48 O-54	(c) Upper Columbia River Fisheries Research Center Supports a fisheries research center at Eastern Washington University which represents several tribes in negotiations with various government entities on natural resource issues. Not only does this displace other higher priority fishery management proposals, but legal authority to provide BIA funds to a non-Indian academic institution is questionable.	(0.5)	(0.4)	(0.1)	(0.5)

ITEMS EARMARKED IN THE FY 1988 REPORTS
THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET
(in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
IN40	A-887 O-54	(d) Puyallup land claim negotiations	(0.4)	(0.3)	(0.1)	(0.4)
		Pays tribe to continue negotiations with city of Tacoma, WA, on settlement of claim to valuable port-side property. Need is questionable and amount is excessive.				
IN41	A-888 N-43 O-48	(e) Maine Indian schools	(0.4)	(0.3)	(0.1)	(0.4)
		Provides extra support to three BIA-funded schools to meet State-imposed education standards. The schools already receive more funding from BIA than Maine public schools which must meet the same standards. Also, additional funding violates principle of allocating resources to BIA schools by formula to ensure equity.				
		Bureau of Mines:				
IN42	A-884 N-36 O-44	Research	1.1	0.8	0.3	1.1
		Funds for research to complete work on the St. Joe Flame Reactor, an experimental hazardous waste incinerator in Pennsylvania.				
		Geological Survey:				
IN43	N-31 O-38	Core-Hydrology Research	0.8	0.8	---	0.8
		Funds specifically earmarked to the Oregon Graduate Center for ground-water research, rather than having the Center compete, on an equal basis, for available water-research grants administered by USGS.				
		Office of Surface Mining and Reclamation:				
IN44	A-886 N-41 O-46	Rural Abandoned Mine Land Program	14.5	4.0	3.0	14.5
		Provides funds for assisting rural land owners in the reclamation of rural abandoned mine lands rather than allowing state regulatory authorities to determine overall priorities.				

ITEMS EARMARKED IN THE FY 1988 REPORTS
THAT WERE NOT REQUESTED IN THE PRESIDENT'S BUDGET
(in millions of dollars)

Item No.	Report Page No.	Item/Description	Budget Authority FY 1988	Outlays FY 1988	Outlays FY 1989	Total Federal Project Cost
		Bureau of Reclamation:				
IN45	A-741 H-56 I-90	Davis Creek Dam (North Loup Project), NE	1.0	0.8	0.2	101.9
		These funds would start construction of this dam and associated irrigation facilities to increase production of surplus corn on about 20,000 acres -- at the same time that other Nebraska farmers are withdrawing over two million acres of corn from production under various Federal programs. The project is not economically justified, returning about 60 cents for every Federal dollar spent, and is an example of a "double subsidy" (federally subsidized water to grow federally subsidized crops). These funds should be reprogrammed to higher-priority construction projects. ($93.4 million remains unfunded.)				
		Total, Department of Interior.....	205.3	71.6	66.5	1,557.4

MAR 2 5 1988

Memorandum

To: Assistant Secretaries
Heads of Bureaus and Offices

From: Director of Budget

Subject: FY 1988 Wasteful, Unnecessary, and Low Priority Spending, Projects, and Directives in Report Language -- Further Guidance

A March 16 memorandum from this Office to Bureau Budget Officers concerned material from OMB on items earmarked in FY 1988 Appropriations Committee Reports that were not requested in the President's Budget. OMB has asked us to provide them with obligation data and information on whether or not we intend to comply with the Report language for items on the list. Your staff has already provided the obligation data. With respect to the second part of the request, the Under Secretary has provided us with the following guidance on how we should approach this review.

Items on OMB's list where we intend to comply with Report language should include:

- items that are 100 percent obligated and operations items that are partially obligated and that we expect to fully obligate as the fiscal year progresses (especially for staffing);
- items that we have not opposed and that we may have already supported (e.g., through Congressional testimony, questions and answers, capability statements, effect statements); and
- items that we may not have publicly supported but for which we can furnish a solid justification.

For all items in this category, please list their priority, by Bureau, from the highest to the lowest.

For those items on OMB's list that you would not fund, either for technical reasons or because you consider them a low priority, or if you have other projects that are of a higher priority that you wish to fund, then reprogrammings or reappropriations may be proposed. Areas where we might propose funding include:

- items in the 1988 President's Budget that were unfunded by the Congress;
- items that are requested in the 1989 President's Budget that can be carried out in 1988;
- items in your initial 1989 budget submission that are not funded in the 1989 President's Budget (includes construction, land acquisition, or one-time operations projects); and
- new requirements or emergencies that have arisen in the last several months that we were unable to include in the 1989 President's Budget.

As part of its ongoing review of a recent GAO report, the National Park Service (NPS) is requested to propose for 1988 funding, items (excluding road construction) that fall in the category of health and safety and that

are of the type contributing to the maintenance backlog identified by GAO in its recent report. Also, the most important unfunded employee housing projects may be proposed for funding. As proposed offsets to these items, NPS needs to indicate which items on OMB's list for the Service will not be funded. The offsets can come from any NPS appropriation as long as the funds have not already been obligated.

If the Bureau of Land Management, Fish and Wildlife Service, NPS, and the Bureau of Indian Affairs believe that, based on their current knowledge, the amount of funds budgeted in 1989 for firefighting is not sufficient to meet estimated 1988 needs, we ask that these Bureaus indicate how much more funding is needed and which items they would propose for reprogramming or reappropriation for their Bureau to cover these costs.

As we indicated in our March 16 memorandum all Bureaus should be careful to take no action or inaction that could be interpreted as an improper deferral or rescission. In addition, if you do not spend the funds according to the language in the Reports, approved reprogrammings or reappropriations are necessary. If the Secretary does decide to proceed with one or more reprogrammings and/or reappropriation requests, we will ask you to prepare the required documentation quickly so as to avoid impoundment concerns.

As we indicated previously, OMB has asked for the information set forth above by April 14 and we ask that the Bureaus provide us with their response by noon, April 8, in order to allow time for Secretarial review.

March 16, 1988

Memorandum

To: Bureau Budget Officers

From: Director of Budget

Subject: FY 1988 Wasteful, Unnecessary, and Low Priority Spending, Projects, and Directives in Report Language

The attached material from OMB concerns items earmarked in FY 1988 Appropriations Committee Reports that were not requested in the President's Budget. Because of the tight deadlines imposed by OMB, we are sending this to you in draft.

We are required to submit a status report to OMB on these items by March 21. In order for us to meet our deadline, please mark up the attached sheets and return to the analyst on my staff who normally reviews your budget by noon, Friday, March 18. The OMB memorandum provides the following guidance on how to complete this review:

> Following the description for each item in this listing, one of three statements in brackets should also be marked on the hard copy detailing the status of funds. The three statements used should be: 1) no funds have been obligated, 2) all funds have been obligated or 3) some funds have been obligated and they amount to $ _____.

This information should be as of March 18.

The second part of this exercise consists of a memorandum from the Department responding to the following questions raised in a March 15 memorandum from OMB Director Miller:

(1) whether you intend to follow the Congressional request, (2) whether you intend to partially comply with the request and in what manner, and (3) the reasons for your intended full or partial compliance with the request.

Each Bureau should prepare answers to the above questions identified for each item by the appropriate number (e.g., IN1) and typed consecutively by Bureau. OMB's deadline for this part of the exercise is April 14. To allow time for Secretarial review, we need to receive this information from you by noon, April 8.

With respect to both submissions, the listing received from OMB includes general items -- for example, operations (NPS), land acquisition (FWS), construction (NPS, BIA), etc. -- without necessarily reflecting an all-inclusive list of individual projects. In these cases, you will need to add those specific projects not reflected by OMB so that the listing will include all items in the FY 1988 Appropriations Acts which were not in the FY 1988 President's Budget.

I want to emphasize the point made in OMB's March 15 memorandum that we "should be careful that no action or inaction on your part would result in a court judgment that funds have been improperly deferred or rescinded." In addition, please note that if we do not spend the funds according to the language in the Reports, an approved reprogramming is necessary.

Thank you for your cooperation in helping us meet these tight deadlines. Bureau-specific questions should be referred to the appropriate analyst on my staff; general questions should be referred to Ruth Mertins (343-4211).

DEPARTMENTAL STATUS REPORT

Senator BYRD. Mr. Horn, you had wanted to say something, and I cut you off, and I apologize for not returning to you at that point.

I have about 3 minutes to get to the floor. Would you like to respond?

Mr. HORN. I was going to basically outline what Mr. Itteilag did about the status report.

COMMITTEE EXPECTATIONS

Senator BYRD. Well, I shall just close here by saying that this Senator expects the Service to carry out the requests and the instructions and the recommendations that appeared in the committee report, Mr. Miller's opinions to the contrary notwithstanding.

And if this procedure is not going to be followed, I certainly want to know it before we mark up this bill and we will see to it that the instructions and recommendations are in the bill language if that is the way Mr. Miller insists upon it.

But I don't want any illusions as to what this committee expects. This committee will be around a long time after I am gone and a long time after Mr. Miller is gone, and it will continue to practice utilization of committee reports, which have been found to be effective and important in the past and which are available to the Senate, they are available to the House of Representatives, and modifications within that report language can be made by way of colloquies on the Senate and House floors, also by way of actions in conference between the two Houses.

So, while technically Mr. Miller may be correct and is correct that perhaps this isn't something that is precisely voted on directly by either or both Houses, that it is not something that perhaps goes before the President precisely in the form that it is found in the committee report, I would say that Mr. Miller is very ill advised if he is suggesting that Cabinet heads and agency heads disregard this committee report.

It is too bad he won't be around longer.

May I say that the committee stands in recess until Wednesday, March 23, when the 1989 budget request for the Minerals Management Service will be taken up.

TALLGRASS PRAIRIE NATIONAL PRESERVE

Senator Nickles.

Senator NICKLES. Mr. Chairman, thank you very much.

Director Mott, I have just a couple of quick questions.

Are you and the Park Service supportive of the creation of a Tallgrass Prairie National Preserve?

Mr. MOTT. Absolutely.

Senator NICKLES. In Oklahoma?

Mr. MOTT. Yes.

Senator NICKLES. You said absolutely, and I appreciate that. Also, I

want to compliment you and Secretary Horn for the work that you have done in helping us. In the budget proposal, you have no money for land acquisition; is that correct?

Mr. MOTT. That is correct.

Senator NICKLES. I noticed last year—correct me if I am wrong—but I think you also requested no funds?

Mr. MOTT. Correct.

Senator NICKLES. And Congress appropriated $110 million last year for the Park Service?

Mr. MOTT. Correct.

Senator NICKLES. If Congress is going to appropriate a like amount of funds this year, would you hope that would include the money for the Tallgrass Prairie Preserve?

LAND ACQUISITION

Mr. HORN. Mr. Chairman, we need first an authorizing bill before we can go ahead and request any funds. Once we had an authorized unit, we would then look at the lands and subject that to our priority system. And depending on how that particular unit stacked up on the priority system, we would take the limited land acquisition moneys we have and see how far they reach. And that would be our first step in the wake of authorization, to run the priority system and see how lands, for example, in the Tallgrass area would compare to other needs we have throughout the system.

Senator NICKLES. Mr. Horn, when we talk about funds, and we have had various prices estimated and bandied about regarding the cost of land acquisition, do you have an estimate handy or available?

Mr. HORN. I think the numbers that we have looked at in the past have ranged basically from a maximum of up to $40 million for complete acquisition of both the core area where we would be acquiring fee and the easement areas, and the sort of the buffer around the core, where we would be seeking something less than fee.

I think total acquisition, which we figured we could do over a 10- to 15-year period, might run as high as $40 million.

Senator NICKLES. Let me update you on some current transactions. The core area is about 50,000 acres?

Mr. HORN. Yes, sir.

Senator NICKLES. Land in that vicinity has been selling for $200 or $250 per acre, so the core amount would cost $10 million to $12.5 million. Easement acres, which accounts for a similar amount of land, should be significantly less than that. So I would think you would be talking about a reduced cost for total land acquisition, if it was done at today's prices—and that is one of the reasons why I would like to see this acted upon. We happen to have, unfortunately, depressed land prices in our State, so you are looking at purchasing land for significantly less than you might in other areas or at later dates.

So I make that point. I am concerned that if we wait around too long, instead of looking at $200 an acre, you may be looking at a lot more expense and a lot more difficulty in moving forward.

So I just make those comments. Again, I appreciate your support in helping us put the authorization bill together. We do have the entire Oklahoma delegation now supporting that effort, and we hope to have a hearing shortly in the Energy Committee to mark up our bill.

LAND AND WATER CONSERVATION FUNDS

I would like to make a couple of other comments. Regarding land acquisition I was looking at the OCS receipts. You are talking about totals for last year in 1987, $858 million; in 1988, $670 million; and estimated in 1989, $689 million that is earmarked for the Land and Water Conservation Fund.

Isn't that for land acquisition?

Mr. HORN. It is authorized for that, sir. However, the way the Land and Water Conservation Fund program was established and basically just reauthorized by Congress, it isn't a bona fide fund the way the highway trust fund operates; it is really, I call it a credit line account. Those receipts are authorized to be expended for land acquisition; however, if the dollars are not appropriated, they would eventually revert to the general Treasury and be available to be appropriated for other purposes, as Congress sees fit.

In recent years, I think the Park Service land acquisition appropriation last year was in the $50 to $60 million range.

Senator MCCLURE. Would you yield on that point, because I want to be very clear in my own mind. You said they revert to the Treasury. I think it is better stated, isn't it, that the money never went into a fund.

Mr. HORN. That is correct. It is not a trust fund.

Senator MCCLURE. That there is no reverter to the Treasury because the money was never there. It is just authorized to be appropriated from the fund.

Mr. HORN. Yes, sir.

Senator NICKLES. That is correct. I just wanted to make those points.

ENTRANCE FEES

A couple of quick comments, back to the park. Reference was made to the park fee legislation that passed 3 or 4 years ago. What are the fees now for entering a park? Is it $5 a vehicle?

Mr. HORN. We have a range that goes from basically $1, $2 per vehicle, up to $10 per vehicle that affects only three parks in the system. So there are a set of criteria we have that determine what is the appropriate fee for a given park.

I don't know if we have anything in the Oklahoma area.

Senator NICKLES. Could you tell me what the criteria would be? If you don't have it, could you respond so I would know what the fee would be for the Tallgrass Prairie Preserve?

Mr. GALVIN. I don't think initially we would charge a fee at Tallgrass Prairie, one, because it is a developing park area; and two, because it has multiple accesses.

One of the six criteria that we develop fees on is whether or not it is feasible. In my judgment, looking at the way Tallgrass is right now, you simply would not be able to collect a fee unless you changed the transportation patterns rather significantly.

Senator NICKLES. I was concerned with how you would do that, because right now you could have access from several areas.

Mr. GALVIN. The criteria takes that into account. Where it is not feasible to collect an entrance fee, we simply do not charge it.

DAM SAFETY

Senator NICKLES. Just one final question, Senator Reid. This won't take but just a minute.

Again, Director Mott and Secretary Horn, I want to thank you for your support of the Tallgrass Prairie Preserve and the work that you have done in helping us craft the authorizing language.

On a different subject, you may be aware, Secretary Horn, of Lake Elmer Thomas which is a fish and wildlife dam in Oklahoma. The dam has been declared unsafe, and right now we are in the process of draining the lake and implementing some measures to either repair or replace the dam.

The Fish and Wildlife Service has a budget for dam safety of about $7 million in 1988 and $8 million in 1989.

Wouldn't it make more sense to have that work assigned to the bureau which has considerable expertise, experience, and budget, instead of having the Fish and Wildlife Service which seem to have a very small budget and expertise in dam safety?

Mr. HORN. We work with the Bureau of Reclamation in doing our dam safety assessments, and when we identify a dam safety problem we also work not only with reclamation, but with the Department of the Interior, to compile a comprehensive departmental list of dams where we have identified safety problems. And then we have priority systems generated for both the Department as a whole and for the Fish and Wildlife Service.

It was that system that led us to take the steps to drain the lake level, drop the lake level behind the dam. Once that activity is completed, we will then go back and assess the present safety situation and then again reapply the criteria and determine how it stacks up both within the Department and within the Service, and then decide what priority it should be given for funds in the next budget cycle.

Senator NICKLES. Will those decisions be made by the bureau or by the Fish and Wildlife Service?

Mr. HORN. It is basically by the Service in conjunction with the bureau. Obviously, there are dam experts within the Department, and we consult with them very, very heavily in reaching our particular decisions.

Senator NICKLES. Let me just make one comment. I mentioned this to Secretary Hodel, but I have not been impressed with Fish and Wildlife Service to date in their working on this dam, and I am not critical of Mr. Dunkel or anybody else.

I will give you one example. They had a contract to pump out the water behind the dam. They ended up letting a contract to a firm from Illinois—for nearly $1 million when we had a lower bid by a very competent firm of 600 some thousand dollars. They chose a 40-percent increase over what the cost should have been, and they went with the higher bidder who was very close to their cost estimate.

I don't know if they are trying to justify their estimate. I have received memoranda on why they went with the firm, but the facts are they picked the wrong firm and wasted about $340,000 of taxpayers' money. A lot of us are trying to minimize expenditures where we can, and I hate to see that kind of waste.

I have worked with the Bureau for some time and have very high regard for their efforts and their work on dam safety. So I just wonder why we even give Fish and Wildlife $7 or $8 million, for dam safety when it seems obvious that the work ought to be done by the bureau.

Mr. HORN. As I said, each bureau that deals with the dam safety problem, be it Park Service—and we had the exercise at the dams in Rocky Mountain National Park—we make each of the particular bureaus bear the cost, in essence, of fixing and repairing the problems that are identified within their jurisdiction.

So the Fish and Wildlife Service bears the budget responsibility for coming up with the funds to deal with problems, although in the whole analysis that is done to reach that point, we work very closely with reclamation because they are our engineering experts within the Department.

Senator NICKLES. Thank you very much.

Thank you, Mr. Chairman.

TALLGRASS PRAIRIE NATIONAL PRESERVE

Senator REID [presiding]. Before Senator Nickles leaves, I had a meeting with Mr. Mott last year to discuss the park that was created in Nevada, and I was very impressed with how he talked about wanting in some way to protect the area in Oklahoma, the Tallgrass; and I can still remember your trying to describe to me what a beautiful area this is, with this tall grass.

So I am anxious to see it, and I think it is an area that we must look at somehow to protect, because if it is anywhere nearly as beautiful and unique as you explained, certainly the American people should have the opportunity to see that many years in the future.

Senator NICKLES. I appreciate that.

Thank you.

GREAT BASIN NATIONAL PARK

Senator REID. Based on the Senator from Alaska's statements about what is happening to the parks up there, I am almost afraid to ask about Great Basin.

But could you tell me how far along you are in the planning process with this national park?

Mr. ALBRIGHT. Senator Reid, next to the money that has been provided, $750,000, I am pleased to report on the Great Basin National Park, that primary planning work effort is ongoing right now with the general management plan. We will be making distribution of the alternatives document in the spring.

The second major effort is to have at the present time a final draft which will set the interpretation of the plan from there to the development stage. We also have an economic study and sociological study going on.

Senator REID. When will those two be completed?

Mr. ALBRIGHT. The sociological research for visitor use study will be conducted this summer. The economic study may take a little longer than the visitor use study. Those will be conducted this summer, so we should have some results.

Senator REID. And the one that you said will take longer, give me an estimate as to when that should be completed.

Mr. ALBRIGHT. I can provide that for you.

Senator REID. Mr. Albright, do you think that is a matter of months or years?

Mr. ALBRIGHT. A report on the economic study, I would say probably within 1 year. That is the estimate.

In the operating programs that take place there, last year we didn't have quite the increase that we have this year in the programs that we work with in the parks. We have increased the cleanup at the campgrounds. We have increased maintenance on the trails, and those kinds of things.

We will continue to do more this summer in all of the programs, providing more regular tours to people using the park. I would say also that we received about $5,000 in fee enhancement funds last year at Great Basin, and are projecting this fiscal year, 1988, that we will receive about $16,000 for use in the park from these fees.

CONSTRUCTION OF VISITOR CENTER

Senator REID. Being more specific, could you give me an idea of when you might begin construction of a visitor center?

Mr. ALBRIGHT. The visitor center actually is going to be remodeled. They are finishing the roofing plan now; the old visitor center needs to be re-roofed. We are trying to put the remodeling and re-roofing together so that we can save some money by redoing the electrical work when we have the roof off.

We are planning on doing that work in the fall so that we don't disrupt the visitors this summer. That will be ongoing in the fall, and the visitor center should be remodeled by next summer.

Senator REID. Isn't that, though, at Lehman Caves?

Mr. ALBRIGHT. Yes; and that, at this point, will be the major visitor center for the Great Basin National Park. The visitor center there, which is at Lehman Caves, is the center of the park, basically in the center of the park. But we are expecting more people and we need more room there, so we will be remodeling that visitor center.

Senator REID. The Park Service this year is asking for $1,012,000 for 1989 for the Great Basin National Park. This is the same amount that we had last year.

Is this funding level adequate, or is this just part of the budget crunch?

Mr. ALBRIGHT. I believe so. I believe that it is a base level funding, but of course there was an increase to the Great Basin budget last year of about $750,000. That is what has permitted us to do the increases in the programs and those kinds of things. So at this point, I would say that we feel it is adequate.

As the visitor patterns develop, we think it is an adequate amount based on that $750,000 increase.

LAKE MEAD NATIONAL RECREATION AREA

Senator REID. I would like now, Mr. Mott, to direct your attention or someone on your staff attention to the Lake Mead Recreational Area. This is an area almost within walking distance of Las Vegas. And from 1980 to the present time, the visitor population there has increased almost 50 percent, there has been such a population boom in that area.

This visitation, of course, has created numerous problems for this recreation area, including the management. For example, there is no question there needs to be something done with the sewer capabilities there as well as some type of comfort station, restrooms, and maybe even a new ranger station.

Given that the Park Service budget allows for $5.6 million, which was the same request as 1988, I have some problem with this. It is not like we are creating a new weapons system. We have a situation here where there has been an explosion in the population. There has been an explosion in the visitations to that park area and we still have the same amount of money.

How do you respond to that?

Mr. MOTT. Two things I would like to mention. One is that the fee program would give them another 500,000 dollars' worth of funding that they can use within the restrictions that are placed on the fee money, which is for the interpretation, research, and resource management. This is going to help them.

We are also making a study of several parks now to look at the question of the budgets at Lake Mead, Lake Powell, Yellowstone, Yosemite, and a couple of small parks, to see what the difference is between these areas and their budgets. Some of the older parks seem to be getting a larger share of the budget than some of the newer parks, like Lake Mead and Lake Powell. We are not sure what that change is and why that occurs.

The study will give us some indication of whether we need to adjust our budgets accordingly. It is true that with all of our parks, our capital improvement budget is only $15 million this year, which is not going to give us a great deal of money to do any major capital improvement development.

In all of our parks, there is a need for capital improvement. I think we have an estimate that the capital improvement needs in the Service are in the neighborhood of over $1 billion.

Senator REID. And we are spending $15 million?

Mr. MOTT. Yes.

So this is a question of maintaining the park budget in the face of the deficit that the Federal Government is experiencing.

All of these water areas like Lake Mead and Lake Powell are experiencing tremendous increase in growth. Even Great Basin, a 57-percent increase in attendance. And one of the things that we are doing there that is different is that we are making a scientific study of the people that are coming there and what they are spending, so that we have some indication of the economic growth and so forth and so on, and who the people are that are going to be using the park.

We think that when we put all of this together with the planning effort that is going forward, we will have the material necessary and the statistics necessary to justify why we are asking for budgeted funds.

Senator REID. On behalf of Senator Byrd and the committee, we appreciate everyone's attendance here today and the testimony.

ADDITIONAL COMMITTEE QUESTIONS

The committee will have additional questions that will be submitted to you in writing and we would appreciate your response at the earliest possible date, as indicated previously by Senator Byrd.

This committee stands in recess unless—Senator McClure, do you have anything further?

Senator MCCLURE. I will submit the balance of my questions.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

NEW HOUSING FOR PARK SERVICE EMPLOYEES

1. Question: Mr. Director, I understand that in June 1987, the Service completed the most thorough analysis ever undertaken by any Federal agency concerning the need for housing for its employees serving in remote locations. Over 25 percent of the permanent Park Service employees, and over 50 percent of its summer employees, are housed in Park Service owned buildings. What did your survey discover about the condition of Park Service housing?

Answer: The existing housing stock of the Service is as follows: Less than 1 percent is in excellent condition, 37 percent is in good condition, 43 percent is in fair condition, 19 percent is in poor condition, and less than 1 percent is in obsolete condition. Of the existing housing stock, 937 units should be eliminated as unnecessary and/or obsolete. Most of these units are old trailer homes.

2. Question: I understand that you, as the Director, requested funding for a park housing initiative this year. What was the Department's reaction? What was OMB's reaction?

Answer: The Service submitted a request for $20 million for fiscal year 1989 to begin the Housing initiative. The $20 million would have allowed the Service to construct new and/or replacement housing in several park areas, to rehabilitate and repair different housing throughout the System, and to begin the necessary site planning and design for housing within park areas.

The Department concurred and forwarded that request to OMB. However, OMB denied this request, on grounds that a broader-based Departmental study on alternatives for meeting housing needs Departmentwide was incomplete. OMB advised the Department to complete its study so as to permit more comprehensive review of the housing issue in the fiscal year 1990 budget process.

3. Question: I am told that the cost for repairing and building new housing for permanent and temporary employees may be over $250 million. What priority should the Committee place on this need, when compared to other pressing needs for funding?

Answer: Employee housing is a very high priority to the extent that it allows the Service to provide accommodations for its permanent and seasonal employees where this is necessary to economically and efficiently provide park visitors with necessary services and assure an adequate level of protection for visitors, for the natural and cultural resources, and for Government property. On the other hand, this does not necessarily translate into a high priority for appropriations, since there may be whole or partial private financing alternatives for meeting housing demand. The Department's housing study will provide insights into the realistic prospects for such alternatives.

4. Question: For the record, would you provide a summary of those funding needs by State and by park within the State?

Answer: With respect to employee housing related needs of the Service, repair and housing replacement needs by park area have not been developed in terms of individual park dollar cost estimates, but rather in terms of number of units and the repair and rehabilitation.

The Service has identified the most pressing housing problems and has sent planning teams to develop detailed cost estimates for addressing these problems. However, such detailed cost estimates for all park areas are not yet available.

A summary of the current inventory and condition of employee housing units by park is provided on the following tables. A chart summarizing the aggregate Servicewide cost estimates to rehabilitate or replace deteriorated park housing is also provided. It should be noted that the estimates have not been verified by the Department, nor do they assume any private financing component.

ALASKA REGION	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
PARK NAME	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
DENALI NATIONAL PARK AND PRESERVE	19	6	0	2	69	60	4	4	88	66	4	6
KATMAI NATIONAL PARK AND PRESERVE	5	4	0	8	15	1	5	5	20	5	5	13
GLACIER BAY NATIONAL PARK AND PRESERVE	10	3	1	3	9	0	6	16	19	3	7	19
LAKE CLARK NATIONAL PARK AND PRESERVE	0	4	0	4	6	2	1	11	6	6	1	15
BERING LAND BRIDGE NATIONAL PRESERVE	2	4	0	2	2	1	0	1	4	5	0	3
KLONDIKE GOLDRUSH NATIONAL HISTORICAL PARK	1	0	1	0	2	1	2	1	3	1	3	I
SITKA NATIONAL HISTORICAL PARK	2	0	0	0	0	0	0	0	2	0	0	0
KENAI FJORDS NATIONAL PARK	0	0	0	0	2	0	0	3	2	0	0	3
NORTHWEST AREAS	0	0	0	8	0	0	5	8	0	0	5	16
GATES OF THE ARCTIC NATIONAL PARK & PRESERVE	0	5	0	3	0	0	0	1	0	5	0	4
WRANGELL ST ELIAS NATIONAL PARK & PRESERVE	1	0	0	7	15	10	0	4	16	10	0	11
YUKON CHARLEY RIVERS NATIONAL PRESERVE	0	0	0	1	0	0	0	0	0	0	0	1
ALASKA REGION TOTALS	40	26	2	38	120	75	23	54	160	101	25	92

Source: NPS Housing Management Plans

MID-ATLANTIC REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
SHENANDOAH NATIONAL PARK	22	1	7	12	30	0	23	40	52	1	30	52
DELAWARE WATER GAP NATIONAL RECREATION AREA	39	11	1	2	2	1	1	1	41	12	2	3
VALLEY FORGE NATIONAL HISTORICAL PARK	32	7	5	0	0	0	0	0	32	7	5	0
COLONIAL NATIONAL HISTORICAL PARK	22	14	0	0	0	0	0	0	22	14	0	0
GETTYSBURG NATIONAL MILITARY PARK	20	10	1	0	1	0	0	0	21	10	1	0
ALLEGHENY PORTAGE RR NATIONAL HISTORIC SITE	5	2	0	0	7	0	2	1	12	2	2	1
PETERSBURG NATIONAL BATTLEFIELD	10	0	2	1	0	0	0	0	10	0	2	1
ASSATEAGUE ISLAND NATIONAL SEASHORE	4	0	1	1	6	1	5	1	10	1	6	2
INDEPENDENCE NATIONAL HISTORICAL PARK	9	9	0	0	0	0	0	0	9	9	0	0
FREDERICKSBURG & SPOTSYLVANIA BATTLEFIELDS	7	7	0	0	2	2	0	0	9	9	0	0
HOPEWELL FURNACE NATIONAL HISTORIC SITE	7	0	0	0	1	0	1	0	8	0	1	0
GEO WASHINGTON BIRTHPLACE NATIONAL MONUMENT	1	0	1	0	3	1	0	0	4	1	1	0
RICHMOND NATIONAL BATTLEFIELD PARK	4	4	0	0	0	0	0	0	4	4	0	0
FORT MCHENRY NATIONAL MONUMENT & HIST SHRINE	3	3	0	0	0	0	0	0	3	3	0	0
FORT NECESSITY NATIONAL BATTLEFIELD	3	0	1	1	0	0	0	0	3	0	1	1
APPOMATTOX COURT HOUSE NATIONAL HISTORICAL PK	2	0	0	0	1	0	0	0	3	0	0	0
HAMPTON NATIONAL HISTORIC SITE	2	1	0	0	0	0	0	0	2	1	0	0
FRIENDSHIP HILL NATIONAL HISTORIC SITE	1	0	1	1	0	0	0	0	1	0	1	1
MID-ATLANTIC REGION TOTALS	193	69	20	18	53	5	32	43	246	74	52	61

MIDWEST REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
ISLE ROYALE NATIONAL PARK	0	1	0	5	45	1	2	35	45	2	2	40
OZARK NATIONAL SCENIC RIVERWAYS	20	6	3	4	14	8	0	11	34	14	3	15
SLEEPING BEAR DUNES NATIONAL LAKESHORE	3	1	1	0	22	15	3	0	25	16	4	0
APOSTLE ISLANDS NATIONAL LAKESHORE	4	1	0	0	19	7	0	0	23	8	0	0
VOYAGEURS NATIONAL PARK	1	0	0	1	19	0	0	0	20	0	0	1
PIPESTONE NATIONAL MONUMEMENT	3	0	0	0	4	0	0	0	7	0	0	0
HERBERT HOOVER NATIONAL HISTORIC SITE	7	7	0	0	0	0	0	0	7	7	0	0
GRAND PORTAGE NATIONAL MONUMENT	1	0	0	4	4	1	0	6	5	1	0	10
PICTURED ROCKS NATIONAL LAKESHORE	3	0	0	0	2	0	0	0	5	0	0	0
CUYAHOGA VALLEY NATIONAL RECREATION AREA	3	0	2	0	1	0	0	0	4	0	2	0
SAINT CROIX NATIONAL SCENIC RIVERWAY	3	3	0	0	1	1	0	0	4	4	0	0
PERRY'S VICTORY & INTERNAT'L PEACE MEMORIAL	2	0	0	2	2	2	0	4	4	2	0	6
LINCOLN BOYHOOD NATIONAL MEMORIAL	3	3	0	0	0	0	0	0	3	3	0	0
AGATE FOSSIL BEDS NATIONAL MONUMENT	2	0	0	4	1	0	0	0	3	0	0	4
GEORGE WASHINGTON CARVER NATIONAL MONUMENT	0	0	0	0	2	2	0	0	2	2	0	0
SCOTTS BLUFF NATIONAL MONUMENT	2	0	1	0	0	0	0	0	2	0	1	0
LINCOLN HOME NATIONAL HISTORIC SITE	2	0	0	0	0	0	0	0	2	0	0	0
HOMESTEAD NATIONAL MONUMENT	2	0	0	0	0	0	0	0	2	0	0	0
EFFIGY MOUNDS NATIONAL MONUMENT	2	0	0	0	0	0	0	0	2	0	0	0
INDIANA DUNES NATIONAL LAKESHORE	0	0	0	0	2	0	0	0	2	0	0	0
PORT LARNED NATIONAL HISTORIC SITE	1	0	0	0	0	0	0	0	1	0	0	0
MOUND CITY GROUP NATIONAL MONUMENT	1	0	0	0	0	0	0	0	1	0	0	0
WILSON'S CREEK NATIONAL BATTLEFIELD	1	1	0	0	0	0	0	0	1	1	0	0
MIDWEST REGION TOTALS	66	23	7	20	138	37	5	56	204	60	12	76

NATIONAL CAPITAL REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
HARPERS FERRY NATIONAL HISTORICAL PARK	18	11	1	0					18	11	1	0
MANASSAS NATIONAL BATTLEFIELD PARK	9	0	2	0					9	0	2	0
C & O CANAL NATIONAL HISTORICAL PARK	7	0	5	0					7	0	5	0
CATOCTIN MOUNTAIN PARK	7	0	0	0					7	0	0	0
PRINCE WILLIAM FOREST PARK	6	0	4	0					6	0	4	0
CLARA BARTON NATIONAL HISTORIC SITE	4	0	3	0					4	0	3	0
ANTIETAM NATIONAL BATTLEFIELD	3	0	1	0					3	0	1	0
ROCK CREEK PARK	2	0	2	0					2	0	2	0
NCPE-OXON HILL FARM	2	0	0	0					2	0	0	0
MONACACY NATIONAL BATTLEFIELD	1	0	0	0					1	0	0	0
FREDERICK DOUGLASS HOME	1	0	0	0					1	0	0	0
NATIONAL CAPITAL REGION TOTALS	60	11	18	0	0	0	0	0	60	11	18	0

NORTH ATLANTIC REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
CAPE COD NATIONAL SEASHORE	28	5	1	0	54	14	0	0	82	19	1	0
GATEWAY NATIONAL RECREATION AREA	55	45	0	0	6	8	0	0	61	53	0	0
FIRE ISLAND NATIONAL SEASHORE	13	8	2	1	31	41	3	0	44	49	5	1
ACADIA NATIONAL PARK	6	2	0	0	35	4	16	24	41	6	16	24
BOSTON NATIONAL HISTORICAL PARK	24	5	0	0	0	0	0	0	24	5	0	0
MORRISTOWN NATIONAL HISTORICAL PARK	14	9	0	3	4	1	0	0	18	10	0	3
ROOSEVELT-VANDERBILT NATIONAL HISTORIC SITE	11	6	0	0	0	0	0	0	11	6	0	0
MINUTE MAN NATIONAL HISTORICAL PARK	9	0	0	0	0	0	0	0	9	0	0	0
STATUE OF LIBERTY NATIONAL MONUMENT	6	5	0	0	0	0	0	0	6	5	0	0
SAGAMORE HILL NATIONAL HISTORIC SITE	6	5	0	0	0	1	0	0	6	6	0	0
SALEM MARITIME NATIONAL HISTORIC SITE	3	2	0	1	0	0	0	0	3	2	0	1
SARATOGA NATIONAL HISTORICAL PARK	2	0	0	0	0	0	0	0	2	0	0	0
SAUGUS IRON WORKS NATIONAL HISTORIC SITE	2	0	0	0	0	0	0	0	2	0	0	0
EDISON NATIONAL HISTORIC SITE	2	1	0	0	0	0	0	2	2	1	0	2
NORTH ATLANTIC REGION TOTALS	181	93	3	5	130	69	19	26	311	162	22	31

PACIFIC NORTHWEST REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
MOUNT RAINIER NATIONAL PARK	42	20	0	0	88	43	16	14	130	63	16	14
OLYMPIC NATIONAL PARK	19	12	5	6	64	16	10	10	83	28	15	16
CRATER LAKE NATIONAL PARK	27	17	0	0	21	4	3	0	48	21	3	0
LAKE CHELAN NATIONAL RECREATION AREA	11	0	0	0	24	0	0	0	35	0	0	0
COULEE DAM NATIONAL RECREATION AREA	11	8	1	0	19	5	9	9	30	13	10	9
NORTH CASCADES NATIONAL PARK	8	4	0	2	16	7	9	4	24	11	9	6
CRATERS OF THE MOON NATIONAL MONUMENT	5	5	0	0	4	4	0	0	9	9	0	0
OREGON CAVES NATIONAL MONUMENT	3	0	0	0	1	0	0	0	4	0	0	0
JOHN DAY FOSSIL BEDS NATIONAL MONUMENT	1	0	1	1	2	0	1	0	3	0	2	1
FORT VANCOUVER NATIONAL HISTORIC SITE	2	0	0	0	0	0	0	0	2	0	0	0
FORT CLATSOP NATIONAL MEMORIAL	2	2	0	0	0	0	0	0	2	2	0	0
NEZ PERCE NATIONAL HISTORICAL PARK	1	0	0	0	0	0	0	0	1	0	0	0
WHITMAN MISSION NATIONAL HISTORIC SITE	1	0	0	0	0	0	0	0	1	0	0	0
PACIFIC NORTHWEST REGION TOTALS	133	68	7	9	239	79	48	37	372	147	55	46

ROCKY MOUNTAIN REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
YELLOWSTONE NATIONAL PARK	202	103	24	87	186	106	92	83	388	209	116	170
GRAND TETON NATIONAL PARK	65	28	1	12	144	83	56	34	209	111	57	46
GLACIER NATIONAL PARK	57	0	6	6	126	4	30	52	183	4	36	58
ROCKY MOUNTAIN NATIONAL PARK	48	14	12	19	115	43	57	70	163	57	69	89
MESA VERDE NATIONAL PARK	22	18	1	1	49	15	13	8	71	33	14	9
GLEN CANYON NATIONAL RECREATION AREA	40	4	6	22	21	2	25	45	61	6	31	67
WIND CAVE NATIONAL PARK	18	0	0	0	34	0	8	8	52	0	8	8
DINOSAUR NATIONAL MONUMENT	13	13	0	0	21	14	3	3	34	27	3	3
ZION NATIONAL PARK	27	7	0	0	6	3	1	2	33	10	1	2
THEODORE ROOSEVELT NATIONAL PARK	13	11	1	2	16	17	1	4	29	28	2	6
BADLANDS NATIONAL PARK	12	8	1	2	14	16	1	0	26	24	2	2
BIGHORN CANYON NATIONAL RECREATION AREA	18	11	9	9	7	1	9	7	25	12	18	16
BRYCE CANYON NATIONAL PARK	16	1	0	0	9	5	0	6	25	6	0	6
CURECANTI NATIONAL RECREATION AREA	12	12	0	0	10	11	0	0	22	23	0	0
CAPITOL REEF NATIONAL PARK	13	0	2	2	6	0	0	0	19	0	2	2
CANYONLANDS NATIONAL PARK	8	0	7	13	11	0	8	15	19	0	15	28
MOUNT RUSHMORE NATIONAL MEMORIAL	6	5	1	0	10	0	0	0	16	5	1	0
GREAT SAND DUNES NATIONAL MONUMENT	6	0	0	0	8	0	5	4	14	0	5	4
COLORADO NATIONAL MONUMENT	8	4	0	0	4	0	0	0	12	4	0	0
ARCHES NATIONAL PARK	6	6	0	0	4	3	1	1	10	9	1	1
DEVILS TOWER NATIONAL MONUMENT	4	0	0	2	6	0	0	1	10	0	0	3
JEWEL CAVE NATIONAL MONUMENT	2	1	0	1	7	0	7	8	9	1	7	9
CUSTER BATTLEFIELD NATIONAL MONUMENT	3	3	0	0	5	4	0	0	8	7	0	0

ROCKY MOUNTAIN REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
NATURAL BRIDGES NATIONAL MONUMENT	6	6	0	3	2	2	0	0	8	8	0	3
BLACK CANYON OF THE GUNNISON NAT'L MONUMENT	0	0	0	0	6	0	6	5	6	0	6	5
CEDAR BREAKS NATIONAL MONUMENT	0	0	0	0	5	1	0	0	5	1	0	0
BIG HOLE NATIONAL BATTLEFIELD	3	3	1	1	2	2	0	2	5	5	1	3
PIPE SPRING NATIONAL MONUMENT	2	2	0	0	1	1	1	1	3	3	1	1
FT UNION TRADING POST NATIONAL HISTORIC SITE	2	0	3	4	1	0	0	0	3	0	3	4
TIMPANOGOS CAVE NATIONAL MONUMENT	3	2	0	0	0	0	0	0	3	2	0	0
HOVENWEEP NATIONAL MONUMENT	2	0	1	1	0	0	1	1	2	0	2	2
GOLDEN SPIKE NATIONAL HISTORIC SITE	1	0	1	2	0	0	0	0	1	0	1	2
GRANT-KOHRS RANCH NATIONAL HISTORIC SITE	1	0	1	1	0	0	0	0	1	0	1	1
FOSSIL BUTTE NATIONAL MONUMENT	0	0	0	0	1	0	1	1	1	0	1	1
FLORISSANT FOSSIL BEDS NATIONAL MONUMENT	0	0	0	1	1	0	0	1	1	0	0	2
ROCKY MOUNTAIN REGION TOTALS	638	262	78	191	838	333	326	362	1476	595	404	553

SOUTHEAST REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
GREAT SMOKY MOUNTAINS NATIONAL PARK	56	27	0	4	36	42	0	16	92	69	0	20
EVERGLADES NATIONAL PARK	41	1	3	0	25	4	8	0	66	5	11	0
CAPE HATTERAS NATIONAL SEASHORE	21	14	7	8	31	0	23	22	52	14	30	30
BLUE RIDGE PARKWAY	36	2	2	2	6	0	6	7	42	2	8	9
NATCHEZ TRACE PARKWAY	36	0	0	0	0	0	0	0	36	0	0	0
BIG CYPRESS NATIONAL PRESERVE	24	19	0	5	2	12	4	2	26	31	4	7
MAMMOTH CAVE NATIONAL PARK	18	11	9	0	3	0	0	0	21	11	9	0
VIRGIN ISLANDS NATIONAL PARK	20	22	0	12	0	0	0	0	20	22	0	12
GULF ISLANDS NATIONAL SEASHORE	13	0	0	0	2	2	0	0	15	2	0	0
CAPE LOOKOUT NATIONAL SEASHORE	3	3	0	6	9	8	4	3	12	11	4	9
CUMBERLAND ISLAND NATIONAL SEASHORE	9	5	0	0	1	2	0	0	10	7	0	0
FORT JEFFERSON NATIONAL MONUMENT	6	6	0	0	4	4	0	0	10	10	0	0
BISCAYNE NATIONAL PARK	6	6	0	2	2	0	1	0	8	6	1	2
SHILOH NATIONAL MILITARY PARK	6	6	1	0	1	0	0	0	7	6	1	0
CHATTAHOOCHEE RIVER NATIONAL RECREATION AREA	4	0	1	1	1	0	0	0	5	0	1	1
CHICKAMAUGA & CHATTANOOGA NAT'L MILITARY PARK	4	2	0	0	1	0	0	0	5	2	0	0
KINGS MOUNTAIN NATIONAL MILITARY PARK	4	2	0	0	0	0	0	0	4	2	0	0
CUMBERLAND GAP NATIONAL HISTORICAL PARK	3	3	3	2	1	0	2	0	4	3	5	2
STONES RIVER NATIONAL BATTLEFIELD	3	3	0	0	0	0	0	0	3	3	0	0
CHRISTIANSTED NATIONAL HISTORIC SITE	3	3	0	0	0	0	0	0	3	3	0	0
VICKSBURG NATIONAL MILITARY PARK	3	0	1	0	0	0	0	0	3	0	1	0
SAN JUAN NATIONAL HISTORIC SITE	3	2	0	0	0	0	0	0	3	2	0	0
HORSESHOE BEND NATIONAL MILITARY PARK	3	2	1	1	0	0	0	0	3	2	1	1

SOUTHEAST REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
COWPENS NATIONAL BATTLEFIELD	3	3	0	0	0	0	0	0	3	3	0	0
FORT SUMTER NATIONAL MONUMENT	1	0	0	0	2	0	0	0	3	0	0	0
A LINCOLN BIRTHPLACE NATIONAL HISTORIC SITE	3	0	0	0	0	0	0	0	3	0	0	0
KENNESAW MOUNTAIN NATIONAL BATTLEFIELD PARK	3	3	0	0	0	0	0	0	3	3	0	0
FORT MATANZAS NATIONAL MONUMENT	2	2	0	0	0	0	0	0	2	2	0	0
PORT FREDERICA NATIONAL MONUMENT	2	2	0	0	0	0	0	0	2	2	0	0
GUILFORD COURTHOUSE NATIONAL MILITARY PARK	2	1	0	0	0	0	0	0	2	1	0	0
RUSSELL CAVE NATIONAL MONUMENT	2	2	0	0	0	0	0	0	2	2	0	0
OCMULGEE NATIONAL MONUMENT	2	2	0	0	0	0	0	0	2	2	0	0
FORT CAROLINE NATIONAL MEMORIAL	2	2	0	0	0	0	0	0	2	2	0	0
MOORES CREEK NATIONAL BATTLEFIELD	2	0	0	0	0	0	0	0	2	0	0	0
FORT DONELSON NATIONAL MILITARY PARK	1	1	0	0	0	0	0	0	1	1	0	0
FORT PULASKI NATIONAL MONUMENT	1	2	0	0	0	0	0	0	1	2	0	0
CARL SANDBURG HOME NATIONAL HISTORIC SITE	1	0	1	2	0	0	0	0	1	0	1	2
ANDREW JOHNSON NATIONAL HISTORIC SITE	1	1	0	0	0	0	0	0	1	1	0	0
SOUTHEAST REGION TOTALS	351	160	29	45	127	74	48	50	478	234	77	95

SOUTHWEST REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
BIG BEND NATIONAL PARK	99	22	3	7	0	0	0	0	99	22	3	7
BANDELIER NATIONAL MONUMENT	24	2	5	12	9	4	7	4	33	6	12	16
GUADALUPE MOUNTAINS NATIONAL PARK	28	0	5	3	0	0	0	0	28	0	5	3
CARLSBAD CAVERNS NATIONAL PARK	25	29	0	1	0	0	0	0	25	29	0	1
WUPATKI NATIONAL MONUMENT	14	8	0	2	6	4	1	4	20	12	1	6
CHACO CULTURE NATIONAL HISTORICAL PARK	10	6	5	6	9	6	4	0	19	12	9	6
BUFFALO NATIONAL RIVER	9	2	0	12	10	0	0	0	19	2	0	12
CANYON DE CHELLY NATIONAL MONUMENT	8	5	2	3	6	0	0	0	14	5	2	3
HUBBELL TRADING POST NATIONAL HISTORIC SITE	9	1	8	9	2	0	0	1	11	1	8	10
EL MORRO NATIONAL MONUMENT	4	0	0	1	4	0	1	0	8	0	1	1
NAVAJO NATIONAL MONUMENT	6	0	0	0	2	0	0	0	8	0	0	0
FORT UNION NATIONAL MONUMENT	5	0	0	2	2	0	0	0	7	0	0	2
CHICKASAW NATIONAL RECREATION AREA	6	0	2	1	1	0	1	1	7	0	3	2
WHITE SANDS NATIONAL MONUMENT	4	0	2	1	2	0	0	0	6	0	2	1
SUNSET CRATER NATIONAL MONUMENT	4	4	0	0	2	2	0	2	6	6	0	2
HOT SPRINGS NATIONAL PARK	6	5	1	0	0	0	0	0	6	5	1	0
PADRE ISLAND NATIONAL SEASHORE	3	0	1	4	1	0	0	0	4	0	1	4
FORT DAVIS NATIONAL HISTORIC SITE	3	3	0	0	0	0	0	0	3	3	0	0
SALINAS NATIONAL MONUMENT	3	3	0	0	0	0	0	0	3	3	0	0
CAPULIN MOUNTAIN NATIONAL MONUMENT	3	0	0	3	0	0	0	0	3	0	0	3
ARKANSAS POST NATIONAL MEMORIAL	3	0	1	2	0	0	0	0	3	0	1	2
AMISTAD NATIONAL RECREATION AREA	3	0	2	0	0	0	0	0	3	0	2	0

SOUTHWEST REGION

PARK NAME	PERMANENT HOUSING TOTAL NOW	IMPROVE	REMOVE	NEW CONST	SEASONAL HOUSING TOTAL NOW	IMPROVE	REMOVE	NEW CONST	PERMANENT & SEASONAL TOTAL NOW	IMPROVE	REMOVE	NEW CONST
PEA RIDGE NATIONAL MILITARY PARK	2	0	0	0	0	0	0	0	2	0	0	0
AZTEC RUINS NATIONAL MONUMENT	2	1	1	0	0	0	0	0	2	1	1	0
PECOS NATIONAL MONUMENT	2	0	2	2	0	0	0	0	2	0	2	2
SOUTHWEST REGION TOTALS	285	91	40	71	56	16	14	12	341	107	54	83

WESTERN REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
GRAND CANYON NATIONAL PARK	183	226	11	49	135	74	48	40	318	300	59	89
YOSEMITE NATIONAL PARK	230	92	17	83	81	0	27	8	311	92	44	91
SEQUOIA NATIONAL PARK	77	23	0	34	107	2	35	40	184	25	35	74
DEATH VALLEY NATIONAL MONUMENT	50	38	9	18	41	21	26	33	91	59	35	51
LASSEN VOLCANIC NATIONAL PARK	22	5	2	2	41	5	2	2	63	10	4	4
LAKE MEAD NATIONAL RECREATION AREA	49	20	10	10	12	8	0	8	61	28	10	18
PETRIFIED FOREST NATIONAL PARK	31	7	0	3	7	5	0	2	38	12	0	5
HAWAII VOLCANOES NATIONAL PARK	32	7	0	0	4	0	0	0	36	7	0	0
POINT REYES NATIONAL SEASHORE	19	8	0	0	7	0	3	3	26	8	3	3
ORGAN PIPE CACTUS NATIONAL MONUMENT	10	10	0	0	14	2	3	3	24	12	3	3
CHIRICAHUA NATIONAL MONUMENT	14	1	0	0	10	4	4	9	24	5	4	9
LAVA BEDS NATIONAL MONUMENT	10	0	0	4	10	1	3	4	20	1	3	8
GOLDEN GATE NATIONAL RECREATION AREA	17	9	0	0	0	0	0	0	17	9	0	0
JOSHUA TREE NATIONAL MONUMENT	10	3	0	1	5	2	3	2	15	5	3	3
WHISKEYTOWN NATIONAL RECREATION AREA	9	8	1	2	3	3	0	1	12	11	1	3
PINNACLES NATIONAL MONUMENT	9	0	1	3	3	2	0	2	12	2	1	5
WALNUT CANYON NATIONAL MONUMENT	8	2	0	0	3	0	1	2	11	2	1	2
GREAT BASIN NATIONAL PARK	8	2	0	7	2	0	5	2	10	2	5	9
REDWOOD NATIONAL PARK	4	0	0	0	4	0	0	0	8	0	0	0
SAGUARO NATIONAL MONUMENT	5	0	0	0	2	0	1	1	7	0	1	1
MONTEZUMA CASTLE NATIONAL MONUMENT	4	0	0	0	3	0	0	0	7	0	0	0
CHANNEL ISLANDS NATIONAL PARK	7	1	2	2	0	2	1	2	7	3	3	4
SANTA MONICA MOUNTAINS NAT'L RECREATION AREA	6	1	0	3	0	0	0	0	6	1	0	3

WESTERN REGION

PARK NAME	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT & SEASONAL			
	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST	TOTAL NOW	IMPROVE	REMOVE	NEW CONST
TUMACACORI NATIONAL MONUMENT	6	0	0	0	0	0	0	0	6	0	0	0
HALEAKALA NATIONAL PARK	6	5	0	2	0	0	0	5	6	5	0	7
DEVILS POSTPILE NATIONAL MONUMENT	0	0	0	0	5	0	0	0	5	0	0	0
CORONADO NATIONAL MEMORIAL	4	0	0	0	1	0	0	0	5	0	0	0
TONTO NATIONAL MONUMENT	4	0	0	0	0	0	0	0	4	0	0	0
CASA GRANDE NATIONAL MONUMENT	3	0	0	0	1	0	0	0	4	0	0	0
TUZIGOOT NATIONAL MONUMENT	3	0	0	0	0	0	0	0	3	0	0	0
FORT BOWIE NATIONAL HISTORIC SITE	2	0	0	0	0	0	0	0	2	0	0	0
PACIFIC AREA DIRECTOR	2	0	0	0	0	0	0	0	2	0	0	0
EUGENE O'NEILL NATIONAL HISTORIC SITE	1	0	0	0	0	0	0	0	1	0	0	0
PU'UHONUA o HONAUNAU NATIONAL HISTORICAL PARK	1	1	0	1	0	0	0	0	1	1	0	1
KALAUPAPA NATIONAL HISTORICAL PARK	0	4	0	0	0	0	0	0	0	4	0	0
WESTERN REGION TOTALS	846	473	53	224	501	131	162	169	1347	604	215	393

TABLE B ESTIMATED REHABILITATION AND NEW CONSTRUCTION COSTS FOR PARK HOUSING

	NET	PLANNING	SUPRV.& CONT.	TOTAL
REHABILITATION - SEASONAL	$29,748,000	$3,569,760	$10,328,506	$43,646,266
NEW SEASONAL HOUSING	$60,851,250	$7,302,150	$21,127,554	$89,280,954
REHABILTATION - PERMANENT	$31,392,000	$3,767,040	$10,899,302	$46,058,342
NEW PERMANENT HOUSING	$60,277,000	$7,233,240	$20,928,174	$88,438,414
TOTALS	$182,268,250	$21,872,190	$63,283,536	$267,423,976

TOXIC WASTE

5. Question: The Service's budget includes $1.2 million for the toxic waste cleanup at Cuyahoga Valley NRA, Ohio. Please provide for the record the complete list of NPS hazardous waste sites.

Answer: The following is a listing of NPS potential hazardous waste sites that are on the current Federal Docket:

NPS FEDERAL FACILITIES DOCKET LIST
JANUARY, 1988

SITE:	Reported Under: RCRA 3005	RCRA 3010	RCRA 3016	CERCLA 103	DESCRIPTION/STATUS:
1. Cape Krusenstern NM, Naglatuk Hill.....				X	Pesticide (lindane). DERP site. Further action by US Army Corps of Engineers req'd.
2. Wrangell-St. Elias NP, Malaspina Drilling Mud Site..				X	Abandoned mine, mine waste/tailings (Cr, Ba, Cd, Ar)/ Site has completed PA. Will require further action.
3. Yosemite NP.....		X			Barium mine tailings/waste and PCB spill. Site did initial cleanup of barium. PCB being investigated. Further action required.
4. Pinnacles NM.....		X			Abandoned dump site. Contents unknown. Further action required.
5. Denver Service Center.....			X		Photoprocessing waste are being properly disposed. Site is small quantity generator, erroneously listed. No further action required.
6. Rocky Mountain NP.....		X			Stored materials (100 barrels waste oils) being recycled. No further action.
7. Big Cypress.....		X			Possible stored batteries. Further action needed.
8. Everglades NP.....		X			Quantity of old waste materials were disposed in a one-time operation. As small quantity generator, site should not be listed. No further action.
9. Cape Cod NS, Welfleet.....				X	Stored solvents on-site. Park is investigating disposal of material. Further action needed.

NPS FEDERAL FACILITIES DOCKET LIST
JANUARY, 1988

SITE:	Reported Under: RCRA 3005	RCRA 3010	RCRA 3016	CERCLA 103	DESCRIPTION/STATUS:
10. Cape Cod NS, Provincetown.....				X	Former municipal landfill site that is NPS property. Site is currently being studied for potential contamination. Further action required.
11. Isle Royale NP.....		X			Diesel oil spill, site has been cleaned/Asbestos material removed. No further action.
12. Jefferson NEMA.....		X			Site removed quantity of hazardous materials on a one-time disposal. They do not generate any hazardous waste. No further action.
13. Gateway NRA. Fort Hancock.....		X	X	X	Stored PCB transformers. Park arranging disposal in FY88. Further action required.
14. Morristown NHP.....		X			20 gal. of past stored creosote and pesticide were disposed. No further action.
15. Appalachian Trail Nuclear Lake.....		X			Radioactive contaminated structure. Site has conducted investigation and monitoring with removal of "hot spots". Further action needed.
16. Cuyahoga NRA, Krejci Dump Site.....				X	Dump site currently under emergency action by the EPA. Further action required.
17. Crater Lake NP.....		X			Quantity of past materials need to be disposed. Limited further action needed.
18. Gettysburg NMP.....				X	Suspected dump site, Park investigating. Further action req.
19. Great Smoky Mountains NP.....		X			Quantity of waste disposed. Small quantity generator, does not belong on docket.
20. Gulf Islands NS.....				X	Report of potential biologicals on site has been denied by DOD. Monitoring done. No further action required.

6. Question: Why was Krejci Dump Site selected?

Answer: The Krejci Dump was selected because the Environmental Protection Agency determined that an emergency action was required in order to stabilize the site. As such, this is probably the worst toxic waste site in the National Park System.

7. Question: What efforts were made for cost recovery? Please be specific. Why should NPS reimburse the Superfund? Please provide legislative history if appropriate.

Answer: At the present time, cost recovery actions consist of documenting the identities of the potentially responsible parties (PRP) and, where possible, the amount and type of contaminants they have contributed in order to evaluate the feasibility of cost recovery actions. The Regional Solicitor is working with NPS Regional officials in this investigation and the followup procedures that will be required.

Under the Superfund Amendment and Reauthorization Act (SARA, effective October, 1986) which is part of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), when EPA determines that an emergency action exists, they can authorize up to $2 million to be used for contaminant and stabilization actions. However, because Federal Agencies are not eligible to use the Superfund, all funds authorized for the emergency action must be reimbursed.

PURCHASE OF VEHICLES

8. Question: The administrative provision for acquisition of passenger vehicles would be an authorized ceiling. How many vehicles do you actually plan to buy?

Answer: The Service estimates that it will actually purchase approximately 150 passenger vehicles in 1989.

GSA SPACE RENTAL

9. Question: The budget requests an increase of $1,500,000 for additional rental payments to GSA. What is the basis for the increase? Is additional space being rented? The increase is approximately 11 percent. Is that the correct percent? Is it to be applied nationwide?

Answer: The base amount for fiscal year 1989 includes an additional $1.5 million which represents a 10.7 percent increase over the 1988 level. Of this amount, $1 million is to cover rate increases anticipated for 1989 as a result of a Nationwide appraisal and rate determination made by the General Services Administration and $500,000 is specifically earmarked for the lease of a facility needed for storage of White House Museum collections, architectural drawings and documents. The current storage facility lacks sufficient space, proper security and adequate temperature and humidity controls necessary for such an important and irreplaceable collection.

FERS

10. Question: Please explain the basis for the FERS reductions shown as adjustments to base. If the FERS system open season is reopened, will further adjustments be needed?

Answer: The adjustments to the FERS amounts represent the decrease in estimated retirement costs from the fiscal year 1988 enacted level to the estimated fiscal year 1989 level. This recalculation is based on a more accurate number of Civil Service Retirement System employees who switched to the FERS system during the open season, rather than the projected estimate used in the fiscal year 1988 budget which, as it turned out, was approximately seven times too high. If another open season occurs, further adjustments will be dependent upon how many employees will switch.

CONGRESSIONAL ADD-ONS

11. Question: Please provide for the record a complete list of 1988 Congressional add-ons by appropriation account and indicate which ones were retained in the FY1989 budget. Also indicate which ones addressed a continuing need.

Answer: A complete list of Congressional add-ons for fiscal year 1988 by appropriation and activity or park unit is provided herewith for the record.

Congressional add-on amounts in the "Operation of the National Park System" appropriation were provided for numerous parks. Additional funds were also provided for non-Federal organizations. These amounts represent increases to park operating budgets or grants for States or private organizations which either have sufficient operating funds in place to carry out mandated responsibilities, or for grantees that are undertaking one-time projects for which continued funding in fiscal year 1989 will not be required. These add-on amounts were not recurred in the fiscal year 1989 budget in the interest of reducing the large Federal deficit. Moreover, all parks, in addition to those listed, will receive additional funding through the Fee Program. Funds added for fiscal year 1988 which were retained in the fiscal year 1989 budget are for El Malpais National Monument, one of the newest in the System requiring an initial operating base, and for Roosevelt-Campobello International Park which is co-supported by Canada.

Congressional add-on amounts for specific line-item project planning or construction projects, and amounts added for Federal land acquisition remain available until expended. Request for budget authority for these items is not necessary for fiscal year 1989.

CONGRESSIONAL ADD-ONS

Appropriation/Activity	Amount ($000's)
OPERATION OF NATIONAL PARK SYSTEM	
Park Management:	
Allegheny Portage Railroad National Historic Site	150
Apostle Islands National Lakeshore	175
Johnstown Flood National Memorial	100
Upper Delaware Council	286
Jean Lafitte National Historical Park	332
Hot Springs National Park	225
Buffalo National River	200
New River Gorge National River	300
City of Rocks National Reserve	100
Lowell National Historical Park	400
Harpers Ferry National Historical Park	220
Hawaii Volcanoes National Park	250
Haleakala National Park	250
Glen Canyon National Recreation Area	250
New River Gorge Parkway Commission	60
El Malpais National Monument	150
Ford's Theater Ushers	64
Harpers Ferry Police	85
Radon Monitoring	500
Utility Costs	500
Pacific Northwest Parks Road Maintenance	420
Delaware Water Gap National Recreation Area	170
Indiana Dunes National Lakeshore	350
Trail Maintenance	1,500
Collections Management - Artifacts	2,763
Bryce Canyon National Park	125
Study Research Program	100
Western Hemisphere Technical Assistance	249
Subtotal, Park Management	10,274
Forest Fire Suppression	10,000
Park Recreation and Wilderness Planning:	
Black Fly Monitoring, New River Gorge National River	100
Statutory and Contractual Aid:	
Roosevelt Campobello International Park	16
Martin Luther King National Historic Site	2,351
Fisk University, Jubilee Hall	168
William McKinley Monument	925
Blackstone River Commission	350
Balboa Park, City of San Diego, CA	200
Subtotal, Statutory and Contractual Aid	4,010
TOTAL, OPERATION OF THE NATIONAL PARK SYSTEM	24,384

NATIONAL RECREATION AND PRESERVATION	
Recreation Programs:	
External Federal Recreation and Statistics Programs	316
Natural Programs:	
State and Local Rivers and Trails Assistance	1,900
Rails-to-Trails Program	75
National Register Programs:	
Railroad and Canal Historic Documentation	150
Flood and Industrial Heritage Documentation	120
HABS/HAER Maritime Resources Documentation	75
Federal Archeological Program	100
TOTAL, NATIONAL RECREATION AND PRESERVATION	2,736
CONSTRUCTION	
Line Item Construction:	
Boston National Historical Park - Rehabilitate Faneuil Hall	3,000
Buffalo National River - Tyler Bend Public Use Development	3,800
Erbie Campground Development	650
C & O Canal National Historical Park - Flood Damage Repairs	1,000
Cuyahoga Valley National Recreation Area - Erosion Control	200
Kendall Area Rehabilitation	600
Restore Canal Locktender's House	735
Delaware Water Gap National Recreation Area - Repair/Replace Facilities, Dingman's Ferry	1,200
Denali National Park and Preserve - Complete Polychrome Pass Comfort Station and Wonder Lake Campground	1,300
Savage River Bus Shelter	60
Fort Union Trading Post National Historic Site - Reconstruct Fort	850
Fossil Butte National Monument - Complete Headquarters and Visitor Center	3,950
Friendship Hill National Historic Site - Repair/Rehabilitate Gallatin House	2,000
Gateway National Recreation Area - Great Kills Bathhouse Replacement	1,200
Guadalupe Mountains National Park - Pine Spring Visitor Center/Headquarter	3,650
Harpers Ferry National Historical Park - Restore Four Park Buildings	1,000
Jean Lafitte National Historical Park and Preserve - Barataria Environmental Education Center	800
Acadian Cultural Centers	5,500
Johnstown Flood National National Memorial - Reconstruct Museum Building	4,300
Klondike Goldrush National Historical Park - Rehabilitate Portion of Mascot Saloon	296
Lincoln Home National Historic Site - Lincoln Home Interior Restoration	500

Lowell Historic Preservation Commission -	
Continuing and New Rehabilitation Projects	1,500
Natchez Trace Parkway -	
Construct Bridges at Pinewood Creek Area	13,200
New River Gorge National River -	
Complete Park Headquarters	2,000
Trails Development	300
Stabilize Kaymoor Mine Site	500
Springfield Armory National Historic Site -	
Rehabilitate Historic Structure	1,000
Thomas Stone National Historic Site -	
Stabilization of Buildings	400
Tuskegee Institute National Historic Site -	
Renovate Historic Buildings	2,000
Yosemite National Park -	
Construct Solid Waste Disposal Facility	300
Subtotal, Line Item Construction	57,791
Project Planning:	
Allegheny Portage Railroad National Historic Site - Summit Level Restoration, Horseshoe Curve Development, Staple Bend Tunnel, Saltsburg/Western Division Mainline	1,650
Biscayne National Park -	
Sewage System and Seawall	500
Boston National Historical Park -	
Old State House	500
Blue Ridge Parkway -	
Fisher Peak Recreation Area	25
Chamizal National Memorial -	
Visitor Center	350
C & O Canal National Historical Park -	
Rewatering Feasibility Study	100
George Washington Memorial Parkway -	
Interchange Construction Permit EIS	400
Harpers Ferry National Historical Park -	
Replace Interpretive Design Center	330
Indiana Dunes National Lakeshore -	
Coronado Lodge Restoration	260
Jean Lafitte National Historical Park and	
Preserve - Barataria Unit, Wagner Bridge	200
Knife River Indian Villages National Historic Site - Visitor Center, Headquarters, and Exhibits	145
Mount Rushmore National Memorial -	
Facilities Expansion	350
New River Gorge National River -	
Development Concept Plans	385
Canyon Rim Development	450
Parkwide Trails Study and Signs	100
Thurmond	400
Rocky Mountain National Park -	
Entrance Station	28

Tuskegee Institute National Historic Site - Renovate Historic Buildings	600
Subtotal, Project Planning	6,773
TOTAL, CONSTRUCTION	64,564
LAND ACQUISITION	
Federal Land Acquisition:	
Appalachian National Scenic Trail	5,000
Chattahoochie National River	3,000
Cuyahoga Valley National Recreation Area	5,000
Delaware Water Gap National Recreation Area	1,000
Grant-Kohrs Ranch National Historic Site	600
Haleakala National Park	500
Harpers Ferry National Historical Park	75
Home of Franklin D. Roosevelt National Historic Site	500
Indiana Dunes National Lakeshore	1,000
Manassas National Battlefield Park	2,000
New River Gorge National River	2,000
Olympic National Park	1,000
Pictured Rocks National Lakeshore	200
Rocky Mountain National Park	1,100
Santa Monica Mountains National Recreation Area	1,000
Sleeping Bear Dunes National Lakeshore	2,000
Upper Delaware Scenic and Recreational River	300
Valley Forge National Historical Park	1,250
War in the Pacific National Historical Park	800
Subtotal, Federal Land Acquisition	28,325
State Grants, Assistance to States:	16,567
TOTAL, LAND ACQUISITION	44,892
HISTORIC PRESERVATION FUND	
Grants-in-Aid to States:	23,750
Grant to the National Trust for Historic Preservation	4,500
TOTAL, HISTORIC PRESERVATION FUND	28,250
ILLINOIS AND MICHIGAN CANAL NATIONAL HERITAGE CORRIDOR COMMISSION	
Commission Planning Activities:	250
GRAND TOTAL	165,076

FIRE SUPPRESSION AND PRESUPPRESSION

12. Question: Please summarize the FIREPRO system for the record, showing the major factors, and demonstrate how applying the system to current conditions results in the 1989 budget estimate.

Answer: FIREPRO is the acronym for the normal fire year programming system of the National Park Service and focuses on presuppression preparedness. This system was tested in 12 parks in fiscal year 1982, operated in 45 parks by fiscal year 1985, and underwent minor refinement in fiscal year 1986. After additional analysis of staffing, hazard fuel/prescribed fire, equipment, and training needs is completed in fiscal year 1989, a third generation analysis will be run to guide full implementation for 215 parks in need of wildland fire management programs.

FIREPRO includes 11 inventories: fire occurrence, fire weather, fire qualifications, agreements, equipment, weather stations, aircraft use, land and vegetation, real property values, park perimeters at risk and fire program managers. There are also three analytical processes: fire danger and seasons (from weather data), normal fire year (from occurrence data), and fire fighting qualifications (from training, experience, and skills data).

The Park Service has established an authorized level for FIREPRO of up to $5.05 million. It is a planning and presuppression preparedness system that guides the expenditure of presuppression funds. In that regard, FIREPRO provides information on presuppression funding needs, but it has no utility in predicting outyear budget estimates that are heavily impacted by future fire suppression requirements.

NATIVE HAWAIIAN CULTURE AND ARTS PROGRAM

13. Question: The Hawaiian Cultural Arts Program is proposed for elimination in 1989. Please submit the results of the analysis called for in conjunction with the funding provided in FY 87.

Answer: Public Law 99-498, section 152(C)(1)(2), stipulates that the Governor of Hawaii appoint a 13-member Board of Trustees for the Native Hawaiian Culture and Arts Program. Beginning August 1987, application was made to the National Park Service for a grant, stipulated in Public Law 100-71, and authorized by Public Law 99-498, section 1521, to begin planning the Native Hawaiian Culture and Arts Program. In September, the necessary arrangements were completed with the National Park Service to begin program development.

The Board first convened on November 20, 1987, and began the formal establishment of the organization and program of the Native Hawaiian Culture and Arts Program. The Board enlisted the services of a consultant in January 1988 to assist with the formulation and completion of the report which sets forth the mission statement, goals and objectives and strategy and plans for a 3-year program period. The report "Implementation of the Native Hawaiian Culture and Arts Program" reflects that activity. As identified in the report, $500,000 would be required to implement the fiscal year 1989 activities. Funding has not been requested inasmuch as the Service places its highest priority on initiatives such as eliminating health and safety problems and complying with permanent fee legislation.

DIRECTOR'S DISCRETIONARY FUND

14a. Question: The new fee system provides the Director with authority to spend 10 percent of fees. What projects will be funded with the receipts?

Answer: The exact projects to be funded from this source are not known at present. By law, the projects selected must be in the areas of interpretation, research, resource protection, and maintenance related to resource protection. The Service has requested each Regional Office to prepare a list of issues that may be addressed through the discretionary funding. The issue papers are due from the field by May 27, 1988. A final decision as to the projects to be funded will be made after review of the field issue papers.

14b. Question: What guidelines are to be used in selecting projects?

Answer: Projects must be within the confines of the purposes defined by the fee legislation. Ideally, any project selected should be multi-park or Servicewide in nature or a park-specific project beyond the scope of funding already provided to each park for enhancement of operations. The Director will use this opportunity to address high priority needs in research, interpretation, and resource protection which are unable to be met through the enhancement funds provided in the initial allocation to the park units.

LAND ACQUISITION

15. Question: Please provide for the record a list of current National Park Service land acquisition priorities. Also, provide a detailed explanation of the ranking system, with an example. If "development threat," for instance, is one of the criteria, please show the raw and weighted value this criteria, and other comparable criteria, had in establishing the priority list.

Answer: The recently developed Priority Ranking System provides a means to make categorical decisions among tracts; most particularly it is structured to identify tracts or groups of tracts whose acquisition is very important as well as those not needing a Federal interest. It is a tool to aid in the decisionmaking process. The system is still evolving, it is not a final product. The National Park Service is exploring the possibility of other criteria that may provide a better listing. While the input for the Priority Ranking System is tract or groups of tracts, the reports generated provide area totals thus representing a more meaningful listing.

There are 10 criteria used to rank the land protection program of the National Park Service. Those criteria are as follow:

Relationship to unit purpose - Relates resources on tract to authorizing legislation.

Price escalation - Based on best estimate with a 2-3 year projection.

Likelihood of incompatible use - Based on a 2-3 year projection of possibility.

Severity of incompatible use - Based on nature of above likelihood.

Capability to accomplish acquisition - Considers staffing level and likelihood of successful negotiations.

Project mandate - Relates tract or group of tracts to legislative history and Congressional interest.

Relationship to Federal development - Based on whether tract is needed for mission-related improvements.

National Park Service presence - Acquisition is necessary to establish a minimum National Park Service presence.

Acquisition funding - Relates to existing fund availability.

Relative unit acquisition priority - Based on the placement of the tract or group of tracts in a unit's land protection plan.

The system is based on a total of 100 points. Price escalation is weighted up to 10 points of the total and resource damage or incompatible use is weighted up to 25 points. The main element of the system is based on relationship of the resources present on a tract or group of tracts to the purposes for which the park was authorized. It represents up to 35 points of the total 100.

The land acquisition priority list totals $100 million, which is roughly one-third of the backlog needs. A $100 million program could be accomplished without a significant increase in staffing costs. However, we note that these purchases can be deferred without material damage to resources or visitors. The Service has placed its highest priorities on complying with the Budget Summit Agreement and meeting imminent threats to park areas. The priority list, which is based in part on the Priority Ranking System follows:

NATIONAL PARK SERVICE
LAND ACQUISITION PRIORITY
FISCAL YEAR 1989

Priority	Area	($ in Thousands)
1	Acquisition Management	7,000
2	Deficiencies and Relocation	3,000
3	Emergencies and Hardships	2,000
4	Inholdings	4,000
5	Antietam NB	1,000
6	Appalachian Trail	7,000 1/
7	New River Gorge NR	5,000 1/
8	Voyageurs NP	3,000

9	Olympic NP	1,000 2/
10	Women's Rights NHS	50 2/
11	Manassas NBP	1,000
12	Stones River NB	440
13	Gulf Islands NS	500 1/
14	Alaska Parks	1,000
15	Chattahoochee River NRA	2,000
16	Cumberland Island NS	1,250
17	Acadia NP	3,000
18	El Malpais NM	5,000
19	Monocacy NB	1,000
20	Delaware Water Gap NRA	1,000
21	Lowell NHP	700
22	Saratoga NHP	204
23	Ebey's Landing NHR	1,000 1/
24	Golden Gate NRA	2,000
25	Jimmy Carter NHS	200
26	Valley Forge NHP	1,000
27	Homestead NM	250 1/
28	Golden Spike NHS	300
29	Fort Laramie NHS	100
30	Fort Union Trading Post NHS	200 1/
31	Lower St. Croix NSR	1,000 1/
32	Saint Croix NSR	2,000
33	Haleakala NP	500 1/
34	Cuyahoga Valley NRA	3,000 1/
35	Kalaupapa NHP	2,500
36	Bent's Old Fort NHS	300
37	Point Reyes NS	1,300 1/
38	Sleeping Bear Dunes NL	1,000
39	Channel Islands NP	13,000 2/
40	Santa Monica Mountains NRA	5,456
41	North Cascades NP	1,000
42	Martin Luther King, Jr. NHS	500
43	John Day Fossil Beds NM	250
44	War in the Pacific NHP	1,000
45	Virgin Islands NP	12,000
	Total	100,000

Notes:

1/ Overceiling authority of Public Law 95-42
2/ Ceiling increase required

DISTRIBUTION OF FEE RECEIPTS

The distribution of fee receipts between functional categories leads to some marked shifts in funding levels between 1988 and 1989. For example, Interpretation receives a large increase while maintenance receives a large decrease.

16a. Question: Why are these shifts proposed? Do they accurately reflect the Director's or the Administration's view of priority funding needs for the Service, or are they the result of applying the formula contained in the permanent fee legislation?

Answer: The proposed shifts reflect previous Service experience with the enhancement funds provided in 1987 and 1988. The content of the enhancement program was determined by the provisions contained in the fee legislation which directs that all fees be distributed by formula and limits the projects to interpretation, research, resource protection, and maintenance activities related to resource protection. The Director has consistently cited the need for increased efforts to meet high priority needs in the areas of interpretation, research, and resource protection.

16b. Question: If the distribution is a result of the formula approach, please provide an example.

Answer: The fiscal 1988 budget appropriation by Congress for "Operation of the National Park System" was $731 million and included a credit to the account of $55 million associated with fee revenues. The appropriation directed formula distribution of only $15 million of the fee revenue, with the balance of $40 million taken as an overall credit to the account. The effect of requiring all fee funds to be distributed by formula in fiscal year 1989 is to force the Service to shift funds from nonpark based programs to park based programs. Nonpark based programs in this account include central and Regional Office staff support functions and park project type programs managed at the Regional and Servicewide levels. To propose major reductions in staff levels at the Regional and Washington Office levels would have caused major problems in management and administration of the parks. Also, costs associated with reduction-in-force actions would have precluded any immediate savings to be distributed to the parks in fiscal year 1989. The only option remaining, then, was to reduce the project type programs that do not pay salaries. For example, the largest of these programs was the Regionwide Repair/Rehabilitation Program. Within a total of this $30.6 million program, $12 million was shifted to park areas from other programs to fully comply with the distribution formula.

17. Question: The regionwide cyclic maintenance program is reduced $4.5 million (page 149). The regionwide cyclic maintenance for historic properties is eliminated (minus $7.5 million). The regionwide repair and rehabilitation program is reduced by $12 million (page 150). On the other hand, the increases due to fee receipts are distributed to the base funding of individual parks.

Is this essentially the same result as was proposed by this Committee 2 years ago, when we proposed to shift regional controlled funding into park based funding? Here is a quick calculation of the proposal:

	Fiscal Year 1987	Fiscal Year 1988	Fiscal Year 1989
Base - Operation of the National Park System	381.3	387.1	431.7
Other	324.7	343.7	302.1
Total	706.0	730.8	733.8
Base as percent of total	54%	53%	59%

At the time the Committee made its proposal, the Service argued forcefully that there was a legitimate need to manage certain types of funding at the regional level — cyclic maintenance, equipment replacement, etc. The Committee eventually agreed and the Service revised its internal allocation process to improve the targeting of regional funding.

Answer: No, the shifts proposed in the 1989 budget will not produce the same result as proposed by the Committee 2 years ago. Funds provided to the park areas are prohibited from being used for most types of cyclic and repair and rehabilitation projects. The funds are to be used expressly for interpretation, research, resource protection, and maintenance activities related to resource protection.

18a. Question: Why did the Service reverse its position?

Answer: The Service has not reversed its position on the proper organization location to manage funding such as cyclic maintenance, repair and rehabilitation, and equipment replacement. Given the cyclic nature of the needs met by these programs, the most efficient means of managing these programs is at the Regional level.

18b. Question: Aren't there other ways to better follow the allocation formula contained in the law and provide for a sound distribution by functional category?

Answer: Given the funding constraints placed on the Service as a result of deficit reduction efforts, we could not determine any other viable way of complying with the mandates of the fee legislation.

19. Question: Here are some of the other casualties of the 1989 proposal: The artifact preservation program (page 154) is proposed for elimination. The Cultural Resources Preservation Program is proposed for a $3.2 million cut, greater than 50 percent. The Natural Resources Preservation Program is proposed for a $4.6 million reduction, down 60 percent. The forest fire suppression and rehabilitation program is cut $5.5 million, or 11 percent. Radon monitoring is eliminated (minus $500,000), as is trail maintenance (minus $1,500,000) and utility costs (minus $500,000).

For each of these reductions, please provide a detailed justification for the reduction: a statement as to the impact; and an explanation of the relationship between the reduction and the new fee system; a statement as to the impact; and an explanation as to who proposed this cut. (NPS, DOI, or OMB).

Answer: The $3.2 million reduction proposed for the Cultural Resources Preservation Program is necessary due to limited Federal budgetary resources. Lower priority projects could potentially be deferred. However, the types of projects traditionally funded from this source would certainly be strong candidates for funding from the fee enhancement income. Whether a project is funded from this source would depend on the discretion of individual park managers and competition with other projects eligible for funding from fee revenues. The reduction to this program was a result of the need to comply with the formula distribution of the fee revenues.

The $4.6 million reduction proposed for the Natural Resources Preservation Program is also necessary due to the requirement to limit Federal expenditures. Again, lower priority projects could be deferred, with the possibility existing that these types of projects could be picked up, at the discretion of park managers, under the enhancement funding provided from fee revenues. This program reduction was caused by the need to shift funds to comply with the fee legislation.

Funding for Forest Fire Suppression and Presuppression is targeted for a $5.5 million reduction from the 1988 funding level. The 1988 level of $11.319 million included $10 million added by Congress to repay fire costs incurred in 1987. The remaining amount of $5.819 million is sufficient to cover costs incurred in 1988 for the Normal Year Fire Programming (FIREPRO). As stated in the budget, additional funding will be requested if needed for emergency fire suppression costs in 1988. There is no correlation between the Service request and the new fee program.

In the case of proposed funding reductions for radon mitigation and monitoring, trail maintenance, and utility costs, the Service is responding to the need to reduce the Federal deficit. Radon monitoring and mitigation will continue, using funds available from other operational funding sources. The Service recognizes the seriousness of hazards posed by radon gas and will continue to give the monitoring and mitigation efforts a high priority. Trail maintenance funds are currently available in park bases. As priorities dictate, requirements in this area will be met. The same situation applies in the case of utility cost increases.

For each of the preceding items, there is no correlation between the proposed reduction and the fee income.

In all instances detailed previously, the National Park Service, with concurrence from the Department, proposed these reductions as the recommended course of action when faced with the overall allowance provided so that the Administration could comply with the terms of the Budget Summit Agreement, and the permanent fee legislation.

UNITED STATES PARK POLICE

Last fall, when the full Senate was considering the Interior bill, the Secretary, with OMB's support, proposed some bill language providing OPM with the authority to increase Park Police pay levels. The Senate, led by Senator Stevens, who was joined by Senators McClure, Mikulski, D'Amato, and Johnston, agreed to have GAO review the issue of pay and duty comparability between USPP and other local jurisdictions. This issue was discussed by Senator Stevens on the Senate floor and a letter was subsequently transmitted to GAO.

20a. Question: Was the Secretary and the OMB aware of this procedure? Did he support it?

Answer: Yes, the Secretary was aware of the general effort and has long supported the concept of a pay raise. We do not know if OMB was aware of the procedure at that time. On June 23, 1987, H.R. 2907 was introduced to provide the officers and members of the U.S. Secret Service Uniformed Division with a rate of basic compensation at rates higher than those provided under section 501 of the D.C. Police and Firemen's Salary Act of 1958. The Department of the Interior also attempted to achieve a similar goal for the Park Police. On September 25, 1987, the Secretary of the Interior forwarded to the Chairman, Subcommittee on Department of the Interior and Related Agencies, Committee on Appropriations, United States Senate, a request that legislation similar to that introduced in H.R. 2907 be introduced for the U.S. Park Police. The Subcommittee did not act on this request. On September 20, 1987, however, Senator Stevens, with the concurrence of Senators D'Amato and Mikulski, requested on the Senate floor "...that we expedite a study to be conducted by the General Accounting Office to the inadequacies of the National Park Police's compensation and the comparability of that compensation to other uniformed police personnel. I hope that will be done as quickly as possible."

We look forward to the timely completion of the General Accounting Office study called for by Senator Stevens. We believe this study will support our position that the U.S. Park Police are a full service urban police department that needs pay comparability with other similar police departments in order to recruit and retain qualified applicants throughout the ranks.

21a. Question: The committee has learned that OPM, apparently with the Secretary's concurrence, granted a pay increase to the USPP (ranging between 4 and 13 percent), effective February 28. Is this correct?

Answer: No, that is not correct in all details. The Office of Personnel Management (OPM) was following the provisions of the fiscal year 1988 Continuing Resolution when they granted the pay increase, which applied to the Uniformed Division of the Secret Service as well as the Park Police, and selected other federal police forces. The Department of the Interior had been working with OPM, and the Treasury Department, as well as the Congress, to coordinate efforts to obtain a pay increase for these police forces before the Senate passed the Interior Appropriations bill for fiscal year 1988. Congress subsequently adopted the

Continuing Resolution directing "OPM to move expeditiously in granting relief to the agencies mentioned above [the Park Police were mentioned] and report back to the Committees on Appropriation by March 1, 1988." This provision was contained in the Treasury, Postal Service section of the Continuing Resolution. During the January-February period, the Department was involved with OPM in providing data justifying a pay raise, our position being that a 12 percent across-the-board raise was appropriate. OMB and the Treasury Department were also involved in these discussions. OPM subsequently approved an increase for the Park Police which differed from the Department's recommendations. It ranged from 12 percent for line officers to 4 percent for police managers. The Secretary was not asked to concur in this OPM action.

21b. Question: What transpired to supplant the agreement that was reached between the Secretary and members of the Senate regarding the appropriate procedure to be followed, and GAO's role in that procedure?

Answer: The Department believes that the actions of Congress in the Continuing Resolution are the best indication of congressional intent. In December we were faced with the following directive contained in Conference Report 100-498 accompanying H.J. Res. 395, (Public Law 100-202):

> "Inserts and modifies a provision proposed by the Senate regarding the granting of special pay relief to certain federal employees. The conferees are deeply concerned over the recruitment and retention problems the Uniformed Division of the Secret Service, the Bureau of Engraving and Printing Office, GSA police as well as other federal police forces such as the U.S. Park Police, are experiencing. These problems create a situation potentially hazardous to the public safety. The Conferees have therefore included language granting OPM authority to grant special pay relief to these and other federal employees. The Conferees direct OPM to move expeditiously in granting relief to the agencies mentioned above and report back to the Committees on appropriation in both the House and Senate by March 1, 1988."

Consequently, it appears that subsequent OPM actions, and the Department's participation, were carried out in good faith to comply with congressional intent. The Department was contacted by the Office of Personnel Management on January 12, 1988, and was told that they (OPM) were working on the pay comparability action recommended by the report language.

On February 26, 1988, the Department was notified that the OPM in accordance with the broadened special rate authority cited in section 529 of the Treasury, Postal Service and General Government Appropriations Act, 1988 as incorporated in section 101 (m) of Public Law 100-202 had approved a pay raise for the members of the U.S. Park Police.

We view the special rates granted on February 28 as an important step in resolving the numerous pay and compensation issues which need to be addressed for the Park Police, and hope that the forthcoming General Accounting Office study will provide the information necessary to make further progress in this regard.

21c. Question: Are Park Police actually receiving higher pay or is this simply authority to receive additional pay?

Answer: The Park Police have been paid at the adjusted rates for work performed on or after February 28, 1988.

22a. Question: This pay increase will, we understand, lead to increase funding requirements of between $4 to $5 million for the Park Police. Where will the money come from?

Answer: We estimate the fiscal year 1988 costs, of the pay adjustment currently in place, to be $1.5 million, and for the full year fiscal year 1989 less than $3.5 million. Funding is included in the fiscal year 1989 budget for this purpose. The source of the funds necessary to meet this additional fiscal year 1988 cost is a portion of the excess amount available to the Park Service as the result of Federal Employee Retirement System costs being less than budgeted.

22b. Question: Was it budgeted?

Answer: As explained above, these costs are budgeted for fiscal year 1989 and are included in a proposed reprogramming for fiscal year 1988.

22c. Question: Will the Department comply with the Subcommittee's reprogramming guidelines and request authority to shift this money to pay higher salaries?

Answer: Our proposal for fiscal year 1988 has been transmitted in accordance with the arrangements and understanding the Department has with the House and Senate Committees on Appropriations in regard to the reprogramming procedures.

23. Question: During the Congressional action on the 1988 appropriation bill, the conferees agreed to provide an increase of $750,000 over the House allowance, for the Service to distribute between two budgeted U.S. Park Police items: $950,000 to rehabilitate the horse barn and the pistol range, and $500,000 for additional staffing. How is the Service distributing the increase of $750,000?

Answer: As shown on page NPS-53 of the justifications, the majority of these funds are being used to construct a firing range located at the Park Police Anacostia Operations Facility, with some minor funds being used to stabilize the Mall horse barn until additional funds are made available to complete the rehabilitation project.

CITY OF ROCKS

24a. Question: Is the City of Rocks an authorized area under NPS jurisdiction?

Answer: No, the City of Rocks National Reserve has not been authorized as a unit of the National Park System. However, a bill to establish the area was passed by the Senate on December 12, 1987, and has been referred to the House.

EL MALPAIS NATIONAL MONUMENT

24b. Question: What about El Malpais in New Mexico?

Answer: Public Law 100-255 established El Malpais National Monument on December 31, 1987.

24c. Question: Why is 1989 funding retained for El Malpais now but not for the City of Rocks National Heritage Reserve?

Answer: Public Law 100-255 authorizes the Secretary to be begin operations at El Malpais National Monument as a unit of the National Park System. However, legislation which would permit the Service to begin operations at City of Rocks National Reserve has not been passed.

ELLIS ISLAND

25. Question: For the record, please provide a copy of the latest plan for Ellis Island and a statement of the Department's plan and timetable for action at Ellis Island.

Answer: North Side: Preservation of the main building and powerhouse is proceeding with funds donated through the Statue of Liberty-Ellis Island Foundation. All major contracts except for painting have been issued. Installation of exhibits will begin in early 1989. A prospectus will be issued this spring seeking a concessioner to operate a food service and gift shop in the main building. Ellis Island is scheduled to be reopened to the public in summer 1989. However, only the exterior of the kitchen-laundry building will be stabilized and no work will be done on the bakery-carpentry building which will eventually serve as the National Park Service maintenance facility. We have chosen to defer construction on these buildings.

South Side: Here an agreement to lease under the authority of section III of the Historic Preservation Act Amendments was signed on January 21, 1988, with the Center for Housing Partnerships. The Center has 120 days to submit designs and an additional 210 days to arrange financing of the international conferencing center. Assuming the project is determined to be economically feasible, a lease will be signed, and the lessee will have up to 3 years to complete construction.

A copy of the analysis of alternatives for the General Management Plan for the Statue of Liberty which includes Ellis Island will be submitted to the Committee.

TRAILS MAINTENANCE

26. Question: The Committee requested a status report on trail maintenance needs, due with the 1989 budget. What is the status of that report.

Answer: The trail maintenance report was submitted to the Committee on March 14, 1988.

CONSTRUCTION

27. Question: Please provide for the record a list of construction projects proposed for funding by the Service and USDI ($42,989,000), but which were rejected by OMB>

Answer: The list of projects deleted from fiscal year 1989 Construction request in order to meet final Departmental budget ceilings agreed upon between OMB and the Department follows:

Activity 1: Line Item Construction Projects Deleted (Housing and Concessions-Related Construction Projects)

Park	Package#	Title	($ in 000's)
Bryce Canyon National Park	146	Extend Utilities, Walks and Parking to Newly Constructed Motel Units	450
Crater Lake National Park	209	Construct 5 Duplex Houses, Sleepy Hollow to Replace Trailers	840
Gates of the Arctic National Park and Preserve	106	Construct 2 Duplex Houses, Coldfoot	910
Sequoia National Park	200	Replace Giant Forest Facilities at Clover Creek Site, Phase V	3,479
Yosemite National Park	473	Construct Employee Housing, El Portal Phase II	7,105
		Total, Activity 1	12,784

Activity 2: Emergency and Unscheduled Projects (Housing Repair/Rehabilitation)

		Project Title	Estimated ($000's)
North Atlantic Region			
Acadia National Park	001	Rehabilitate West Wing, Job Corps Dorms	397
Gateway National Recreation Area	003	Reroof Eight Dorms, Floyd Bennett, Sandy Hook, Breezy Point, Staten Island	204
Cape Cod National Seashore	004	Rehabilitate Salt Pond House, Eastham	131

Rocky Mountain Region

Glacier National Park	376	Rehabilitate Seasonal Cabins, Dormitories and 40-Apartment Units, Polebridge, Many Glacier, St. Mary	332
Yellowstone National Park	802	Rehabilitate LCS Buildings (electrical, water, roofs, foundations, painting), Park General	335
Rocky Mountain National Park	807	Rehabilitate 1927 Historic Housing to Code, Permanent Staff, Headquarters	140
Grand Teton National Park	153	Rehabilitate 57 Permanent Houses (foundation, water, electrical, roofs)	350
Glacier National Park	377	Rehabilitate Permanent Quarters, Remodel MISSION 66 Houses, St. Mary and Headquarters.	220

Western Region

Grand Canyon National Park	143	Rehabilitate Substandard Housing	645
Lake Mead National Recreation Area	530	Rehabilitate Las Vegas Wash Housing	60
Lake Mead National Recreation Area	527	Rehabilitate Cottonwood Cove Housing	60
Sequoia-Kings Canyon National Parks	501	Rehabilitate 20 Units (wiring, kitchens, foundations, etc.)	180
Great Basin National Park	133	Rehabilitate Units 1, 2, 3, Windows, Doors, Exteriors	50
Kalaupapa National Historical Park	135	Rehabilitate Buildings 706, 707 Electrical, Sewer, Roofing	105

Pinnacles National Monument	501	Rehabilitate Units Numbers 1 and 2	50
Organ Pipe Cactus National Monument	169	Rehabilitate 10 Units -Roofs, HVAC, Plumbing	173
Lassen Volcanic National Park	751	Rehabilitate 15 Seasonal Units	73
Southwest Region			
Southwest Regionwide	800	Rehabilitate Useable Structures, 18 Park Areas	380
Southeast Region			
Virgin Islands National Park	001	Repair/Rehabilitate 23 Units, (water systems and electrical system rehabilitation.)	452
Alaska Region			
Denali National Park and Preserve	003	Rehabilitate Historic Houses, Headquarters (12, 13, 22)	280
Lake Clark National Park and Preserve	002	Rehabilitate Seasonal Housing Units, Port Alsworth (portion)	125
Mid-Atlantic Region			
Fredericksburg and Spotsylvania County Battlefields Memorial National Military Park	266	Upgrade Seasonal Quarters	110
George Washington Birthplace National Monument	150	Rehabilitate Seasonal Dorms	40
Valley Forge National Historical Park	212	Rehabilitate 5 Permanent Employee Houses	410
Allegheny Portage Railroad National Historic Site	221	Upgrade 2 Permanent Employee Houses	15

Midwest Region			
Voyageurs National Park	242	Improve Interiors, Seasonal Housing Units, Whispering Pines	103
Herbert Hoover National Historic Site	610	Rehabilitate E.F. Hayhurst Home for Permanent Employee Housing	149
Herbert Hoover National Site	606	Rehabilitate L. Miles Home for Seasonal Housing	230
Sleeping Bear Dunes National Lakeshore	400	Rehabilitate Lakeshore Quarters (N. and S. Manitou)	110
National Capital Region			
C & O Canal National Historical Park	781	Rehabilitate Lockhouse Quarters Number 6 and 10	115
George Washington Memorial Parkway	920	Rehabilitate Employee House, Fort Hunt	36
Pacific Northwest Region			
North Cascades National Park	366	Rehabilitate Park Housing, Stehekin	440
Mount Rainier National Park	347	Rehabilitate 12 Apartments, Ski Dormitory, Paradise	300
		Total, Activity 2	6,800

Activity 3: Advance and Project Planning

An additional $5 million planning increment to support a 10 year Servicewide effort to improve employee housing. Funds necessary for project scoping, and advance and project planning related to the replacement of trailers and other obsolete park housing.

An additional $3,402,000 was also requested for general planning needed to support the originally requested construction program level and to accomplish additional advance planning on future year rehabilitation, resource preservation and construction requests.

Total, Activity 3	8,402
Grand Total, Deleted Portions of Fiscal Year 1989 Construction Request	27,986

JFK CENTER

28. Question: What was the proposed use for the $66,000 included in the USDI request for the JFK Center which was rejected by OMB?

Answer: The $66,000 was related to an overestimation of FERS costs. Reestimation resulted in the use of lower figures for FERS. The reestimate of the retirement costs occurred after the budget was submitted to the Office of Management and Budget.

FOURTH OF JULY CELEBRATION ON THE MALL

29. Question: Last year, there was an accident at the Fourth of July celebration on the Mall. The Washington Post reported that as many as 28 people were burned and required medical treatment on the scene, and one woman was burned seriously and had to be rushed to a hospital. Isn't this the first time in recent memory that someone was so seriously injured?

Answer: During the fireworks display last year, Ms. Kathy Eldreth of Manassas, Virginia, was hit in the back by a fireworks particle while seated in Constitution Gardens, just outside the safety zone. She was transported by United States Park Police helicopter to the Washington Hospital Center and treated for a third degree burn to her back and released the same evening. We will be enlarging the safety zone for the 1988 display in an effort to prevent any future injuries of this type. The Red Cross reported 17 other fireworks related cases, however, these were reportely due to personal fireworks, and not associated with the National Park Service sponsored display.

30. Question: There were various contradictory reports that came out regarding the cause of the accident. One report is that people were burned by flaming debris from a shell that exploded in the air, another was that the rain caused a shell to actually ignite on the ground, and another report was that a shell landed among some people before it exploded, sending four people to the hospital. Could you briefly summarize what actually happened?

Answer: Ms. Kathy Eldreth of Manassas, Virginia, was hit in the back by a fireworks particle while seated in Constitution Gardens, just outside the safety zone. One theory is that the fireworks particle which caused the injury to Ms. Eldreth was a "star" -- a marble sized sphere of chemical compounds used to create the various colored explosions. An individual firework shell is composed of a number of these individual "stars." According to the chief pyrotechnician of the display, moisture from a brief afternoon rainshower may have caused the fuse to delay ignition until it was on its descent.

31. Question: We have been informed that the company which won this contract in 1987 and in 1986 has had insurance

problems, associated with this event. Another firm, which had won this contract for the twenty previous years, had no such problems. Is it true that in 1987, the firm responsible for the accident, informed the Park Service that it had no insurance for the event only a few days before the event?

Answer: Over the past 20 years, a least 5 different fireworks contractors have provided the annual Fourth of July fireworks display, so there is no single contractor with whom we can compare 1987's program.

It is not true that in 1987 the fireworks contractor informed the Park Service that it had no insurance for the event. In 1987, the Service increased its insurance requirement from the $1 million previously required to $3 million. The 1987 contractor, Vitale Fireworks and Display Company of New Castle, Pennsylvania, furnished with its proposal a certificate indicating a total of $5 million in coverage. Its primary insurance, in the amount of $1 million was fully acceptable to the Service and to the District of Columbia. However, its secondary coverage, in the amount of $4 million, was with a different insurance company, and was not acceptable to the contracting officer. Since our contract required $3 million in insurance coverage, Vitale was informed that without the full $3 million in coverage, from an insurance company acceptable to our contracting officer, we would be required to award the contract to the next bidder.

The Park Service was unable to award the contract to any of the other eligible contractors, since none was able to provide the $3 million in insurance coverage with a company acceptable to the contracting officer. At this point, the Park Service reduced its requirement to $1 million and re-awarded the contract to the Vitale Company of New Castle, Pennsylvania.

32. Question: Is it true that the event went off without insurance, or with the Government underwriting a significant portion of the liability?

Answer: This is not true. As previously mentioned, the 1987 fireworks contractor had $1 million in primary insurance fully acceptable to the National Park Service and to the District of Columbia. The Government did not underwrite any portion of the liability.

33. Question: What were the costs related to this exposure, and what would have been the costs, if there had been a serious claim against the government, perhaps in the amount of ten million dollars?

Answer: The Government did not underwrite any portion of the liability for the 1987 fireworks display.

34a. Question: In 1986, the year before, didn't this same contractor do the fireworks show with an insurance company which had been denied license to sell insurance in

several states, and which was denied such license because its assets were not sufficiently funded to cover its liabilities? What was the rating this insurance company received from Best's Rating Service?

Answer: The 1986 fireworks contractor, Vitale Fireworks and Display Company of New Castle, Pennsylvania, had $1 million in insurance coverage with American Columbus Insurance Company, a company located in the State of Louisiana. In our discussions with the Louisiana Insurance Commissioner, we were informed that American Columbus did have sufficient assets at the time the certificate of insurance for the July 4th event was issued.

With regard to the issue having been denied license to sell insurance in several States, we were informed that the company did not have a license to sell insurance in Pennsylvania, but had not applied for one; and there was no record of a denial of a license to American Columbus. According to the Louisiana Insurance Commissioner, the company had been directed not to write any additional policies until it increased its assets, but it did have sufficient assets to cover the policies already in effect, including the policy for our event.

American Columbus Insurance Company was not rated by Best's Rating Service.

34b. Question: Is it true that this company was unable to obtain re-insurance?

Answer: Our investigation revealed that the insurance company, American Columbus, did have re-insurance.

35. Question: When will the contract for 1988 be negotiated?

Answer: We anticipate that this contract will be negotiated in early May 1988.

36. Question: Has any thought been given to a temporary bar of the company responsible for the accident? Or because that company misled the government about its insurance?

Answer: No. It has never been conclusively determined that the accident was caused by our contractor's fireworks. Furthermore, to debar a company without sufficient grounds would be in direct violation of the Competition in Contracting Act of 1984, and would be cause for legal action by the company affected.

It should be noted that a contractor's safety record is one of the factors by which the fireworks proposals are evaluated, and is given due consideration in the award process.

We have no reason to believe that the Vitale Fireworks and Display Company of New Castle, Pennsylvania, misled the Government about its insurance.

37. Question: Will the Park Service require that whatever companies wish to bid on the contract supply proof that they have three million dollars of insurance from an insurance company with and "A" rating or higher from Best's?

Answer: It has been our experience over the past several years that virtually no fireworks companies carry insurance with a company listed in Best's. Insurance of fireworks programs is generally in the high-risk category, and the companies listed in Best's who formerly offered this type of insurance no longer offer this type of coverage.

Because of current conditions in the insurance industry, and because none of the offerers in 1987 was able to provide the required $3 million in insurance, we have returned to our insurance requirement to $1 million. We believe this is sufficient based on the expanded safety zone and the safety history of this event. Research of all available records has yielded only one documented accident involving a visitor, the accident which occurred last year. We have met with District of Columbia officials concerning our insurance requirements, and they have agreed that, with the safety zone expanded to 500 feet on all sides, $1 million in coverage is sufficient.

Our contract requires the contractor to furnish a certificate of insurance to the contracting officer 60 days prior to commencement of work, along with a complete copy of the insurance policy. When this information is received, it is reviewed by the contracting officer, who also makes inquiries and investigations, and by the D.C. Corporation Counsel's assigned attorney and the Government of the District of Columbia Insurance Commissioner, who also makes recommendations concerning the acceptability of the insurance.

38. Question: Is this contract bid competitively and awarded to the lowest bidder?

Answer: The fireworks contract is bid competitively and is governed by the Federal Acquisition Regulations with respect to negotiated procurements. The contract is awarded based upon an offer that is most advantageous to the Government, price and other factors considered.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

EMPLOYEE HOUSING

In the FY 87, Continuing Resolution, Congress requested a study of Park Service employee housing and make recommendations to the Committees about methods to improve housing conditions.

1. Question: What are some of the recommendations made in that study?

Answer: The Service believes that it must repair or replace housing which is in obsolete or poor condition and which is occupied by essential employees. No alternative would become feasible in time to modify or eliminate these needs.

In the longer-run, the Service would consider working with the Department of Interior and the Congress, to try a pilot test of a market approach. Such a test would demonstrate whether and in what circumstances this alternative would ever be a substitute for Government furnished housing. The Service, however, would continue its efforts to repair and improve substandard housing. And, if market alternatives either fail or prove workable only in a few cases, the housing needs of the Service would remain as described:

Rehabilitation - seasonal housing	$ 43,646,266
New seasonal housing	89,280,954
Rehabilitation - permanent housing	46,058,342
New permanent housing	88,438,414
Total	267,423,976

These amounts include the funding for the necessary advance planning, project planning, construction supervision, and contingencies.

1a. Question: Do you plan to implement any or all of those recommendations?

Answer: As a result of the Employee Housing Initiative, which is based upon Housing Management Plans for each park area in the National Park System, we found the condition of park housing to be:

- One percent is in excellent condition
- Thirty-seven percent is in good condition
- Forty-three percent is in fair condition
- Nineteen percent is in poor condition
- A little less than one percent is beyond repair

Director Mott appointed a Housing Oversight Committee to develop housing design standards for new construction and rehabilitation/repair standards. These standards will be finalized by June 1, 1988. The Service will consider a combination of new housing construction and repair and rehabilitation to existing houses as the deficit situation improves

FISCAL YEAR 1989 PARK SERVICE FEES

2. Question: The FY 88 Budget Reconciliation Act included report language that stated that the "fee agreement is predicated on revenues being allocated to the park units as an addition to the unit's base funding level... and not as an offset against existing funding."

In FY 87 and FY88 when an annual fee authorization was provided for in the Interior Appropriations bill, the Committee was able to reduce the overall total of the bill by the amount of the increased park fee receipts. At the same time, an additional $15 million was provided for in Park Management under the subactivity of "Enhanced Park Operations." In addition, $3.5 million was provided in FY87 and $4.5 million in FY88 to cover the costs of collecting increased fees.

Understanding that, I assume that one could argue that in FY87 and FY88 the base level for the Park Service was not increased more than $18.5 - $19.5 million because of the enhanced fees.

In reviewing your budget you have allocated the $52.2 million estimated to be derived from enhanced fees, into the Interpretation, Maintenance, and Resource Management programs. Since the overall net budget increase in these accounts is $18 million in the FY89 budget, do you feel that the FY89 budget complies with the intent of the FY88 Reconciliation bill?

Answer: The Park Service believes that the overall fiscal year 1989 budget request complies with the intent of the Fiscal Year 1988 Reconciliation Act. Park fees have not been used to offset base funding for the parks.

2a. Question: Would you care to comment on that assessment?

Answer: The coincidence of an $18 million increase in fiscal year 1989 in Interpretation, Maintenance and Resource Management subactivities, similar to that provided for enhancements and fee collections in 1988, is not directly relevant to the belief that the Service has complied with the intent of the legislation. In fiscal year 1988 the National Park Service appropriation assumed fee revenue collections of $55 million. The assumption was that $40 million in fee revenues (over and above the $15 million in park enhancement funding) were included within the budget of the Service. Only $15 million was directly distributed to the park units. In fiscal year 1989, the amount estimated to be derived from the fee program is $52.2 million. As mandated by the fee legislation, the Park Service has proposed distribution of the entire $52.2 million to the parks with the exception of $5.2 million which has been specified as the Director's discretionary fund. The prescribed usage of the fee funding, coupled with proposed reductions made necessary by the pressure to lower the Federal deficit, has resulted in the net gain of $18 million in the aforementioned subactivities for 1989.

3. Question: One could also interpret the report language accompanying the FY88 Reconciliation Bill, which made enhanced fees permanent law, in the strictest sense when it stated: the "fee agreement is predicated on revenues being allocated to the park units as an addition to the unit's base funding level...and not as an offset against existing funding."

This argument would hold that it doesn't really matter how fees were treated in the past and that fees raised should not be used

to offset existing funding, period. Since your overall increase of $18 million in the three programs I just mentioned above is far below the estimated revenue to be derived from enhanced fees, your FY89 budget would then not comply with the intent of the law. Would you care to comment on that assessment?

Answer: Again, the Service believes that it has complied with the intent of the legislation through the distribution of the entire $52.2 million to the park units. The fiscal 1989 budget request is comprised of a series of pluses and minuses and cannot be viewed only within the context of the Interpretation, Maintenance and Resource Management subactivities. The prescribed usages of the fee funding have led to a shift in focus from maintenance to interpretation and resource protection activities. The fee funding is provided as directed, however, in the amount and manner prescribed by the recently passed legislation.

4. Question: What internal budgetary controls have been implemented to assure the Committee that funds raised from fees are not simply offsetting appropriated dollars, whether it is $18 million or $19 million or $52.2 million?

Answer: The Park Service is in the process of developing formal internal controls for monitoring the use of the fee enhancement funds. Beginning in fiscal year 1989, the enhancement funds will be available until expended and will be provided from a special Treasury account rather than being appropriated from the General Treasury Fund. In the interim, the Service has initiated a tracking system utilizing personal computers and data base software which will provide for tracking and monitoring the use of fee enhancement funding provided in 1988 through the regular appropriations process. A memorandum from the Director of the National Park Service to all Regional Directors has stressed the importance of adequate controls and full accountability for this funding. Issued with this memorandum were guidelines specifying proper usage of the funding.

5. Question: What internal budgetary controls have been established to assure these funds are not displaced five or ten years down the road?

Answer: As the fee program evolves, the Service will be able to refine the use of the enhancement funding and increasingly direct the funds to high priority, unfunded park needs consistent with the language contained in the fee legislation. It is the position of the Service that the funding should be used to accomplish unfunded needs in the areas of interpretation, research, resource protection, and maintenance related to resource protection that are beyond the scope of the 1987 operating budget of the Service. Fiscal year 1987 was the initial year in which the Service received additional enhancement funding as a result of the expanded fee program. The Service will comply with the provisions contained within the legislation: funds will be distributed to park units in the manner specified by law and will be used as legislatively prescribed by those parks. The accounting system will be able

to keep separate track of the fee revenues as they will be provided from a special Treasury account and have a unique Treasury account number. Funds derived from this account will be necessarily treated separately from regular "Operation of the National Park System" funds.

6. Question: Are you proposing any changes to the fee structure in FY89?

Answer: The fee rate structure will conform with the limits established in the permanent fee legislation. Prime or intermediate areas, with three exceptions, will charge $5 per vehicle or $2 per person. Standard park areas will cost $3 per vehicle or $1 per person. The three exceptions within the intermediate or prime areas are the only changes from 1988. Yellowstone National Park and Grand Teton National Park will charge $10 per vehicle or $4 per person in 1989. Denali National Park, which is initiating an entrance fee in 1989, will cost $3 per person. Each of these changes is within the limits prescribed by the permanent fee legislation.

7. Question: Are you proposing any changes to the number of parks collecting in FY 1989?

Answer: At the end of fiscal year 1988, the Service will look closely at each of 141 park units which are proposed for entrance fee status during fiscal year 1988. At that time, it is possible that some parks which have not proven to be cost-effective in collecting fees will be dropped from the fee program. Cost-effectiveness of collection is one of the criteria that must be met in order to collect fees under the Land and Water Conservation Fund Act. In addition, the Service, during 1988, will examine selected parks such as Glen Canyon National Recreation Area, Lake Mead National Recreation Area, Cape Hatteras National Seashore, and Fredericksburg and Spotsylvania National Military Park, to determine the feasibility of adding these units to the entrance fee program. Should it be the recommendation of the Director that additional parks implement an entrance fee charge for 1989, the Congress would be notified before implementation of such a fee, as specified in the fee legislation.

INTERPRETATION AND VISITOR SERVICES

8. Question: In FY87 and FY88, Congress directed that funds for enhanced park operations be distributed with 50 percent of the fees to all park units based on total operating budgets and 50 percent to collecting parks based on their estimated share of total revenue collected.

The FY89 request for Interpretation and Visitor Services (pg.43) reflects an increase of $16,000,000, presumably stemming from the fees.

How does the $16,000,000 for Interpretation coming from additional fees compare to the use of fee funds from previous years?

Answer: Fiscal year 1987 and fiscal year 1988 provide the only experience in determining the use, by subactivity, of fee enhancement funding. In fiscal 1987, approximately 30 percent of the $15 million available was expended on interpretive activities. Following this same relative proportion, the amount which should be available for fiscal year 1989 for interpretation would be $16 million.

9a. Question: Irrespective of the source of these funds, this a 22 percent increase in the Interpretive program. Do you really feel this program can absorb such a large increase in a single year?

Answer: The Service believes that an increase of this magnitude is possible, given the experience with enhancement funding in 1987 and 1988.

9b. Question: How will these funds be used?

Answer: Specific projects to be funded cannot be absolutely determined at this time as the exact amount to be distributed to an individual park is dependent on fee revenues collected in 1988. For planning purposes, an estimate of the funding to be derived from this source was provided for each park in the 1989 budget justifications. In general, the funds will be used in the same manner as in 1987 and 1988. Additional seasonal employees will be hired to provide a variety of interpretive services. Visitor center coverage will be expanded, evening campfire talks, nature hikes, and living history demonstrations will be initiated, and walking tours and roving interpretive efforts will be increased in number. Also, a much larger program to replace or upgrade deteriorated or out-of-date interpretive media will be possible with the enhanced funding.

9c. Question: How does the use of the funds break down between additional personnel and rehabilitation of exhibits?

Answer: Specific project level breakdown of the $52.2 million is not known at this time. Given the use of the $15 million in enhancement funding in 1987 and 1988, it is estimated that approximately 50 percent of the funding available for interpretation will be used for additional personnel and about 20 percent of the funding would be devoted to the rehabilitation of exhibits. The remaining portion of the funds would go for interpretive equipment, supplies and materials and other miscellaneous support items.

UNITED STATES PARK POLICE

10a. Question: How does the quality of the recruits compare to the quality of recruits in the past?

Answer: During calendar year 1987, we recruited and hired a total of 72 police officers for the U.S. Park Police. As a part of their applicant processing, each applicant was required to take a written examination administered by the Office of Personnel Management. Of those taking the test during 1987, the

majority received test scores ranging from the cutoff point of 70 to the mid-80's, with very few in the high 80's, and only 2 scoring above 90. These test scores are significantly lower than we have experienced in the past. It had been customary, during past recruiting efforts, to select only candidates scoring in the high 80 to high 90 percentiles for further processing.

The recruiting efforts for classes hired during 1987 were weighted heavily towards colleges and universities. Based on subsequent test scores, we have not attracted the higher quality students from these institutions. This has impacted our recruit training at the Federal Law Enforcement Training Center. Courses there are taught at the college level. We have found ourselves in the position where individual tutoring has been necessary for some of our recent recruits in order for them to successfully complete the training courses. Of additional concern is an apparent drying up of the pool of persons interested in a career with the U.S. Park Police. Of the 2,100 persons who were actively recruited in October 1987 for the Park Police entrance examination offered in November, only 800 actually took the test, and of these, only 298 were able to achieve a passing score of 70. This represents a 37 percent success ratio which is considerably below the 60 percent success ratio reported by the Office of Personnel Management for past testing cycles.

10b. Question: Is there a specific reason higher caliber candidates are rejecting the U.S. Park Police?

Answer: Based on debriefings of our officers on their return from recruiting trips, the idea of working in law enforcement, and particularly for the Park Police was well received. However, in the Washington Metropolitan Area, the greater pay and benefits offered by other police departments have proven more attractive. In the areas served by the New York and San Francisco Field Offices, the problem is even more acute due to the higher living costs in those areas and higher pay offered by the local jurisdictions. These factors relate to our problems in attracting qualified applicants. We are currently experiencing another problem related to pay and benefits. For the first time, our Park Police officers assigned to the New York Field Office are requesting reassignment to the Washington Metropolitan Area for economic reasons, primarily due to the extraordinary cost of living in the New York Metropolitan Area. This phenomenon has not been limited to our line officers, but has included ranks as high as Lieutenant. As a matter of policy, all officers leaving the Force are given exit interviews. For the past 2 years, the data thus collected has shown that the overriding reasons for leaving have been related to economic considerations.

MAINTENANCE

Irrespective of the sources of funds for maintenance, the Park Service has a backlog of maintenance work.

11. Question: What actions are you taking to reduce this backlog?

Answer: Given the inevitable funding constraints facing the Service, our park areas and Regional Offices attempt to allocate the available maintenance resources to the most urgent and cost-effective maintenance work. The Service has, for a number of years, annually informed park areas that the correction of imminent visitor health and safety related threats and the long-term preservation of the priceless natural and cultural resources in our parks must be the highest maintenance priority of the Service. We believe that the Service is meeting these essential responsibilities. The Service believes that the inauguration of the computer-based maintenance management system, which would be installed at all park areas by the end of 1989, will also help in maximizing the allocation of available maintenance resources.

12. Question: The House Appropriations Committee recently asked GAO to assess your maintenance program. What conclusions did GAO reach?

Answer: The General Accounting Office received approximately 290 responses to a survey questionnaire concerning park maintenance and repair/rehabilitation funding levels sent to the National Park Service unit managers. Parks were specifically instructed to disregard any fiscal limitation when responding.

In summary, the park responses identified the following maintenance and capital reconstruction and replacement funding deficiencies:

Summary of General Accounting Office Findings
on Park Maintenance

(FUNDING SHORTFALLS ARE STATED RELATIVE TO
FISCAL YEAR 1987 FUNDING LEVELS)

Park Operational Maintenance:	$52 million additional needed annually
Cyclic Maintenance and Repair and Rehabilitation Programs:	$125 million additional needed annually
Major Repair, Reconstruction, and Replacement Construction:	$1.6 billion backlog identified [Per year to do over 7 years: $240 million] [Per year to do over 10 years: $160 million]

Additionally needed FTE's identified: 1,176 (an increase of 35 percent)

SERVICEWIDE MAINTENANCE PROGRAMS

An additional $4.6 million has been requested in FY89 in Servicewide programs. Of this amount, $1.2 million is proposed to be used to begin cleanup of toxic waste at the Krejci Dump Site in Cuyahoga Valley NRA (p.61).

As I understand this request it is base funding for work that will cost over $11 million over the next few years.

13a. Question: Can you elaborate on the problem and the time schedule for these funds?

Answer: Funding estimates for all phases of toxic waste cleanup required at the Krejci Dump Site total approximately $11 to $12 million over the next few years. The most immediate problem is to contain the toxic material and to stabilize the site. The Environmental Protection Agency has made available $1.2 million in Superfund monies to fund emergency containment/ stabilization activities in fiscal year 1988, for which the Service has requested funds in fiscal year 1989 to reimburse the Environmental Protection Agency. Partial phase I containment activities are currently underway. The contractor will continue partial containment, with onsite storage of toxic waste, until available funds are exhausted, approximately early April 1988. At that time the site will be secured, and ground water monitoring activities will be done. An additional $2.3 million will be required to complete phase I stabilization at the site.

Also, the site is currently being ranked on the National Priorities List (NPL) with the possibility of being listed this summer. As mandated by law, a Remedial Investigation/ Feasibility Study (RI/FS), at a cost of approximately $1 million, must be initiated within 6 months of the Listing and will take a year to 18 months to complete. In addition, Site Investigations to meet legislative requirements will be initiated for other NPS sites with potential hazardous waste problems listed on the Federal Docket List.

After Phase I is completed, Phase II removal action will be required to remove and dispose of the hazardous waste stored onsite from the containment/ stabilization action. The cost of removal and disposition of all hazardous waste material is currently estimated at approximately $3.5 million.

Phase II action also includes the implementation of total site cleanup, at an estimated cost of approximately $4 million. This design and construction must commence within 15 months of completion of the RI/FS, and would take about 2 years to complete. Funds for this effort should not be required until fiscal year 1991, at the earliest.

13b. Question: Will EPA have a continued role in this cleanup effort?

Answer: The Environmental Protection Agency will continue to have a regulatory role in this Krejci cleanup effort as they must approve the method of cleanup. The National Park Service would prefer the Environmental Protection Agency to continue as the site contractor for the remainder of phase I and phase II actions.

HAZARDOUS DAMS

13c. Question: Please list in priority order all NPS dams requiring work with the estimated costs and timeframe.

Answer: A priority listing of these dams follows:

14a. Question: Are there other dams with similar needs for which funds haven't been requested?

Answer: There are other dams with similar, but lower priority, needs and for which funds have not been requested.

14b. Question: If so, where are they and why aren't funds requested?

Answer: Following is a listing in priority order of National Park Service dams which require various actions in order to make them safe or scheduled for removal. Funding has been requested for those dams which pose a significant threat to health and safety or which are in the greatest danger of failure.

NATIONAL PARK SERVICE
PRIORITY LISTING OF DAMS

Department of Interior Rank	Location	Name	Funding Estimate 87	88	89 ($000's)	Status
*9	Wind Cave NP	Norbeck	0	0	600	Deactivation in 1989
*72	Appalachian Trail	Nuclear Lake	0	0	350	Design of modification
*82	Blue Ridge Parkway	Price Lake	0	0	1,900	Modification in 1989
86	Delaware Water Gap NRA	Lower Blue Mountain Lake	450	0	0	Modification complete 1990
92	Delaware Water Gap NRA	Long Pine Lake	0	0	0	Modification in 1990
*97	Rocky Mountain NP	Bluebird	0	20	600	Deactivation in 1989
105	Blue Ridge Parkway	Bass Lake	0	0	1,200	Modification in 1989
129	Delaware Water Gap NRA	Upper Blue Mountain Lake	0	0	0	Modification complete 1990
131	Blue Ridge Parkway	Trout Lake	0	0	0	Deactivation planned with Bass Lake
155	Delaware Water Gap NRA	Hidden Lake	0	0	0	Modification complete 1990
173	Blue Ridge Parkway	Peaks of Otter	0	0	0	Planned 1992--$400,000
220	Delaware Water Gap NRA	Lake Success	0	0	0	Deactivation planned
		Total	450	20	4,650	

*Funded in fiscal year 1989 request.

14c. Question: What was the criteria used to determine the funding priorities?

Answer: The Department of Interior in conjunction with the Bureaus, in particular the Bureau of Reclamation and the Corps of Engineers, developed a ranking system which assigned a numerical rating. The rating is based on the degree of hazard and the potential for problems. This ranking system is then used by the Department of Interior's Dams Safety Task Force to establish priorities for each fiscal year.

FOREST FIRE SUPPRESSION AND PRESUPPRESSION

15a. Question: You have requested $5.8 million in FY89 for the Forest Fire Suppression and Presuppression account. This is a reduction of $5.5 million from the FY88 enacted level of $11.3 million. Is there any reason to believe there will be fewer fires in FY89 than in FY1988?

Answer: The fiscal year 1989 request of $5.8 million does not actually represent a decrease from the fiscal year 1988 enacted level of $11.3 since that amount includes $10.0 million needed to reimburse the Land and Water Conservation Fund for the funds borrowed to cover the costs of fire suppression during fiscal year 1987. The Service has budgeted an additional $4.5 million in fiscal year 1989 which will be used to pay back anticipated fiscal year 1988 fire costs. The Service has budgeted for an average-to-low fire season.

15b. Question: What is the basis for the FY89 request?

Answer: The fiscal year 1989 proposal is based on a Departmentwide analysis of emergency fire costs during recent years. In conducting the analysis, the emphasis was on developing a credible level of emergency funding for each affected bureau rather than attempting to develop what might be termed a "worst-case" level of funding. If additional funds are necessary to repay funds transferred to pay for fiscal year 1988 fire costs, they will be requested.

NATURAL PROGRAMS

Financial and technical assistance provided to State and local governments and other organizations for rivers and trails conservation is proposed to be terminated at the close of FY88 and will save an estimated $1.975 million.

16. Question: On what basis does the Park Service make this reduction?

Answer: The level of Federal involvement in local rivers and trails conservation and planning as provided by Congress is questionable in light of the urgent need to reduce Federal spending. The President's 1989 budget as presented demonstrates the fiscal constraint necessary to reduce the deficit while at the same time continuing mandated planning, protection, and preservation work in the National Park System and the National Rivers and Trails Systems. The Administration believes sufficient funds and resources are available at the

State and local level making Federal involvement in local conservation issues intrusive and unnecessary.

VISITOR FACILITIES FUND

Public Law 97-433 established the National Park System Visitor Facility Fund (VFF). Under this legislation, National Park concessioner franchise and building use fees are used to fund the Visitor Facility Fund Program. Amounts credited to the VFF are authorized to be appropriated and in FY88, $4.7 million was appropriated out of the fund.

The current authority expires September 30, 1989, and all remaining balances at that time will revert to the General Treasury. Fund balances are expected to total $16 million by the end of FY88.

17a. Question: How successful has the Fund been in the past?

Answer: Since 1983, the Visitor Facility Fund has provided in excess of $32.9 million derived from concessioner fees deposited into the Fund. These funds have been used for the planning, construction, rehabilitation, and construction supervision of concessioner operated, Government-owned visitor facilities such as hotels, cabins, beach centers, stores,and concessioner employee dorms.

Initially, the legislation mandated that all work was to be accomplished through the National Park Foundation and its own designated engineering consulting firm. Although there were some initial coordination and accounting-related problems, by the second year of the program, most problems were resolved. However, at the end of the third year of the program, the National Park Foundation requested that its participation in the program be terminated, inasmuch as legal counsel informed the Foundation that it needed to acquire very expensive construction contracting liability insurance. Therefore, beginning with the fiscal year 1986 program, all visitor facility projects have been transferred to the regular National Park Service "Construction" appropriation. Since fiscal year 1986, $21 million has been appropriated to the National Park Service "Construction" account to be utilized for Servicewide planning and construction projects. In essence, the Visitor Facility Fund was changed, by congressional action into a supplement to the regular annual construction request.

However, since Visitor Facility Fund receipts must only be utilized for concessions-related projects, in recent years, very little has been requested from the Fund. The recent construction requests of the Service have emphasized health and safety projects not related to visitor facilities.

17b. Question: What actions have you taken to draft legislation extending the fund?

Answer: The Service and the Department of the Interior will be giving consideration to reauthorizing the Visitor Facility Fund legislation in one form or another. We are not

certain whether the advantages of this approach outweigh the disadvantages.

CAMPSITE RESERVATION THROUGH TICKETRON

Last year, the Park Service announced that computerized campsite reservations would be available at some of the popular national parks in 1987. Initially reservations were to be made in person at Ticketron outlets, at NPS information offices, or by mail. The Park Service was planning to move slowly into phone reservations.

While I believe this is an efficient way to manage parks, I still feel that visitors in rural areas who are not near Ticketron outlets may not have the same opportunity to utilize the system as those who live near a Ticketron outlet.

18a. Question: Do you agree with that assessment?

Answer: While there are Ticketron outlets in nearly half the States and the mail system has worked well, unquestionably there are visitors in rural areas who do not find the system as easy to use as those from areas where outlets are readily available. For this reason, we plan to inaugurate a telephone system at one or two areas this fall or winter, with gradual expansion into other areas on the reservation system. We believe that this will provide expanded opportunities for all visitors to make reservations.

18b. Question: What advertising campaign is being undertaken for this service?

Answer: Ticketron will print and distribute approximately one million brochures this year. In additional, information is provided to organizations and companies which print campground directories and news releases are distributed to all major media outlets.

18c. Question: Have you taken steps to assure that those citizens living outside major urban centers are aware of this new reservation system?

Answer: Through news releases and other measures, we have made a strong effort to provide information on the system to rural areas as well as urban areas.

FOURTH OF JULY FIREWORKS ON THE MALL

It was reported by the Washington Post that several injuries occurred last year at the Park Service sponsored fireworks on the Mall. The cause of the accident is not completely known but there are several theories being discussed.

More importantly, a question has been raised about the availability of insurance for the operator of the fireworks display.

19a. Question: Could you briefly summarize what happened last year?

Answer: Ms. Kathy Eldreth of Manassas, Virginia, was hit in the back by a fireworks particle while seated in Constitution Gardens, just outside the safety zone. She was transported by United States Park Police helicopter to Washington Hospital Center and treated for third degree burns to her back and released the same evening. The Red Cross reported 17 other fireworks related cases, however, these were reported due to personal fireworks, and not the National Park Service sponsored display.

One theory is that the fireworks particle which caused the injury to Ms. Eldreth was a "star"--a marble-sized sphere of chemical compounds used to create the various colored explosions. An individual fireworks shell is composed of a number of these individual "stars." According to the Chief Pyrotechnician of the display, moisture from a brief afternoon rainshower may have caused the fuse to delay ignition until it was on its descent.

The National Park Service Safety Office has received one inquiry concerning injuries resulting from the fireworks, however, no claims have been filed to date. To avoid future mishaps of this type, the safety zone surrounding the fireworks display will be increased. In 1988, there will be a clear landing area of 500 feet from the edge of the Rainbow Pool firing site on all sides, compared with 500 feet last year on the east and west sides, and 250 feet on the north and south sides.

19b. Question: What precautions are taken to assure that the operator has adequate insurance from a credible insurance company?

Answer: Under the terms of the fireworks contract, the contractor is required to have liability insurance not less than: (1) $1 million each occurrence; (2) $500,000 each person; (3) $100,000 property damage. The contract requires that the insurance offered must be acceptable to the Contracting Officer. As part of the Contracting Officer's acceptability criteria, the insurance company must be licensed to do business or have a registered agent in the District of Columbia, conditions necessary for service of process in the case of a claim. Additionally, any information the District of Columbia Insurance Commissioner may have also is reviewed by the Contracting Officer in this decision.

In addition, the contractor is required to submit with its proposal a record of claims paid by its insurance company, or companies, for the period covering 3 years prior to the date of the proposal. The contract requires that the information be prepared by the individual insurance companies and be accompanied by certification to that effect. The information is required from any and all insurance companies used by the contractor during the 3-year period, and is certified prior to the award of the contract. The contractor's safety record is also one of the factors used in the evaluation of the proposals.

TRAILS MAINTENANCE

20. Question: What criteria are used to determine whether a trail is good, fair or poor?

Answer: Trail conditions are rated by the National Park Service into three categories: Satisfactory, Fair and Poor. These categories are based on several factors including: safety, clearance, access, tread surface, alignment, and grade. A trail rated "Satisfactory" would require only routine maintenance. Neither cyclic maintenance nor repair or rehabilitation are required. A trail in this condition would not have suffered from erosion, would not pose safety threats, and would require only minimal maintenance such as routine trimming of limbs from trees or brush, routine cleaning of water stops or minor patching of the trail surface.

A trail rated in the "Fair" category would need more than routine maintenance. Repairs or more major rehabilitation may be required in the next 3 to 5 years. Potential for minor safety hazards such as tripping or falling might exist and resource damage might be caused due to erosive conditions.

A trail rated in "Poor" condition requires immediate attention, including higher levels of cyclic maintenance or the scheduling of more major repair, rehabilitation or reconstruction. Varying degrees of potential or actual resource damage or safety hazards are present, requiring that many such trails in this category be restricted and/or closed.

20b. Question: Is a trail in "fair" condition passable by the majority of those utilizing Park Service trails?

Answer: Yes, but the potential for minor safety hazards would be present. For example, the trail might pose an uneven, cracked riding surface for bicycle users and the general serviceability of the trail for park visitors would be below the desired level.

20c. Question: Since the $1.5 million Congress added in FY 88 was not retained, should I assume that trail maintenance is not a Park Service priority? Not a Department priority?

Answer: Trail maintenance is a priority for the Service and the Department. Both the National Park Service and the Department of the Interior consider that adequate levels of National Park Service trail maintenance can be accomplished within the amounts requested.

PARK SERVICE BUDGETING PROCESS

As I review the FY89 budget for the National Park Service, several shortcomings exist that clearly are not being dealt with adequately.

Maintenance funds proposed for the system do not meet the needs; nearly 75 percent of the trails are either in fair or

poor condition, and basic operating funds for at least Yellowstone National Park, and perhaps others, are inadequate.

I am sure you know about these problems so I do not intend to discuss them any further. I am curious to know, however, where the breakdown in the system occurs.

21. Question: Are budgets initiated by the Park Superintendents and run up the hierarchy for review or do you send out directives on the amounts that can be spent and work up to that number?

Answer: All budget requests are initiated at the park level. However, guidance is provided each year on the level of increase likely to be considered by the Administration for the Service. This level is developed from planning allowances provided by the Office of Management and Budget and the Department of Interior. Given current fiscal constraints, it would be counterproductive to have the field areas submit unconstrained budget requests. However, the Service and the Department can recommend "overtarget" increases. Yet we realize that reducing the deficit is vital to the continued health of our economy and this does mean making difficult priority decisions.

ENTRANCE FEES

The committee is very sensitive to the use of increased entrance and user fees. The intent of the legislation allowing increased entrance fees made clear that the use of the fees was to be an addition to the park unit's base funding level and not as an offset against existing funding.

22. Question: Please display for the record, how the Park Service proposes to utilize the increased fees from the FY88 level of $15 million to the FY89 anticipated level of $52.2 million separately for park unit and subactivity.

Answer: Following is the requested display:

Park Service Entrance and User Fees

Subactivity	Fiscal Year 1988 (Million)	Fiscal Year 1989 (Million)	Change (Million)
Enhanced Park Operations	+$15.0	0.0	-$15.0
Resources Management			
(Natural Resources)	(+$5.9) 1/	+$16.1	+$10.2
(Cultural Resources)	(+$1.8) 1/	+$16.1	+$14.3
Interpretation	(+$5.1) 1/	+$16.0	+$10.9
Maintenance	(+$2.2) 1/	+$4.0	+$1.8
Total	15.0	52.2	37.2

1/ Current estimate of how these funds will actually be used in park level programs.

PARK UNIT(S)	Fiscal Year 1988	Fiscal Year 1989	1/ Change
Alaska Region			
Aniakchak NM & Preserve	$1,900	$5,300	$3,400
Bering Land Bridge National Preserve	4,700	13,100	8,400
Cape Krusenstern NM	1,800	5,000	3,200
Denali NP & Preserve	119,700	475,100	355,400
Gates of the Arctic NP & Preserve	13,000	36,200	23,200
Glacier Bay NP & Preserve	20,800	57,900	37,100
Katmai NP & Preserve	12,700	35,400	22,700
Kenai Fjords NP	5,300	14,800	9,500
Klondike Gold Rush NHP	14,300	39,800	25,500
Kobuk Valley NP	6,000	16,700	10,700
Lake Clark NP & Preserve	12,200	34,000	21,800
Noatak National Preserve	3,800	10,600	6,800
Sitka NHP	7,700	21,400	13,700
Wrangell-St Elias NP & Preserve	17,500	48,700	31,200
Yukon-Charley Rivers National Preserve	4,300	12,000	7,700
Mid-Atlantic Region			
Allegheny Portage Railroad NHS	11,700	32,700	21,000
Appomattox Court House NHP	17,600	53,000	35,400
Assateague Island NS	87,700	280,600	192,900
Booker T Washington NM	4,900	19,400	14,500
Colonial NHP	92,000	263,100	171,100
Delaware Water Gap NRA	70,900	197,300	126,400
Edgar Allen Poe NHS	4,200	11,700	7,500
Eisenhower NHS	22,500	76,600	54,100
Fort McHenry NM & Historic Shrine	21,800	70,700	48,900
Fort Necessity NB	10,500	33,700	23,200
Fredericksburg/Spotsylvania NMP	26,900	74,300	47,400
Friendship Hill NHS	4,200	11,700	7,500
George Washington Birthplace NM	10,000	58,200	48,200
Gettysburg NMP	63,100	181,700	118,600
Hampton NHS	5,100	14,200	9,100
Hopewell Furnace NHS	10,900	32,200	21,300
Independence NHP	134,300	374,000	239,700
Johnstown Flood NMEM	2,700	7,500	4,800
Maggie L Walker NHS	2,600	7,200	4,600
New River Gorge National River	19,000	52,900	33,900
Petersburg NB	21,000	84,700	63,700
Richmond NBP	10,600	29,900	19,300
Shenandoah NP	434,200	1,508,200	1,074,000
Thaddeus Kosciuszko NMEM	1,800	5,000	3,200
Thomas Stone NHS	100	300	200
Upper Delaware Scenic & Recreational River	30,700	85,500	54,800
Valley Forge NHP	64,200	214,600	150,400

Midwest Region			
Agate Fossil Beds NM	2,000	5,600	3,600
Apostle Islands NL	20,400	56,900	36,500
Cuyahoga Valley NRA	54,200	151,300	97,100
Effigy Mounds NM	7,400	22,700	15,300
Fort Larned NHS	6,200	31,400	25,200
Fort Scott NHS	8,400	27,000	18,600
George Rogers Clark NHP	6,400	25,200	18,800
George Washington Carver NM	6,600	20,100	13,500
Grand Portage NM	9,500	26,900	17,400
Harry S Truman NHS	10,100	38,900	28,800
Herbert Hoover NHS	11,300	34,100	22,800
Homestead NM of America	4,700	13,100	8,400
Indiana Dunes NL	70,700	197,100	126,400
Isle Royale NP	33,100	84,000	50,900
Jefferson National Expansion Memorial NHS	53,900	526,100	472,200
Lincoln Boyhood NMEM	10,600	31,800	21,200
Lincoln Home NHS	15,000	41,900	26,900
Mound City Group NM	5,300	24,500	19,200
Ozark National Scenic Riverways	72,400	202,600	130,200
Perry's Victory & International Peace Memorial	20,100	58,900	38,800
Pictured Rocks NL	18,700	53,300	34,600
Pipestone NM	9,200	29,500	20,300
Scotts Bluff NM	11,800	34,300	22,500
Sleeping Bear Dunes NL	44,100	130,700	86,600
St. Croix NSR & Lower St. Croix NSR	22,900	65,700	42,800
Voyageurs NP	26,900	75,000	48,100
William Howard Taft NHS	11,200	31,400	20,200
Wilson's Creek NB	10,600	45,100	34,500
North Atlantic Region			
Acadia NP	171,300	547,600	376,300
Adams NHS	11,400	32,900	21,500
Boston NHP	72,900	202,900	130,000
Cape Cod NS	127,800	370,400	242,600
Castle Clinton NM	6,100	17,000	10,900
Edison NHS	20,600	57,800	37,200
Eleanor Roosevelt NHS	6,500	18,100	11,600
Ellis Island	61,100	170,100	109,000
Federal Hall NMEM	5,100	14,200	9,100
Fire Island NS	33,600	93,700	60,100
Fort Stanwix NM	8,900	27,200	18,300
Frederick Law Olmsted NHS	8,300	23,100	14,800
Gateway NRA	221,900	618,000	396,100
General Grant NMEM	1,800	5,000	3,200
Hamilton Grange NMEM	1,300	3,600	2,300
Home of Franklin D Roosevelt NHS	56,900	167,800	110,900
John F Kennedy NHS	3,300	9,300	6,000
Longfellow NHS	7,900	22,300	14,400
Lowell NHP	49,700	138,400	88,700
Martin Van Buren NHS	9,000	28,900	19,900
Minute Man NHP	16,800	47,500	30,700
Morristown NHP	21,300	59,600	38,300

Roger Williams NMEM	2,800	7,800	5,000
Sagamore Hill NHS	15,700	52,500	36,800
Saint Croix Island IHS	800	2,200	1,400
Saint-Gaudens NHS	6,900	19,400	12,500
Saint Paul's Church NHS	3,200	8,900	5,700
Salem Maritime NHS	7,200	20,000	12,800
Saratoga NHP	12,700	41,400	28,700
Saugus Iron Works NHS	7,300	20,300	13,000
Springfield Armory NHS	7,800	21,700	13,900
Statue of Liberty NM	106,100	91,300	-14,800
Theodore Roosevelt Birthplace NHS	3,300	9,400	6,100
Theodore Roosevelt Inaugural NHS	1,500	4,200	2,700
Vanderbilt Mansion NHS	12,600	35,100	22,500
Woman's Rights NHP	4,400	12,300	7,900
National Capital Region			
Antietam NB	21,400	95,600	74,200
Baltimore-Washington Parkway	11,100	20,600	9,500
Catoctin Mountain Park	33,100	88,500	55,400
Chesapeake & Ohio Canal NHP	102,000	271,600	169,600
Facility Management (NCR)	45,200	125,800	80,600
Ford's Theatre NHS	27,400	31,200	3,800
Fort Washington (NCP-E)	11,100	37,400	26,300
George Washington Memorial Parkway	160,300	426,500	266,200
Great Falls Park (GWMP)	36,500	125,500	89,000
Greenbelt Park	24,500	79,300	54,800
Harpers Ferry NHP	48,900	221,900	173,000
Manassas NBP	18,200	80,600	62,400
Monocacy NB	400	1,100	700
National Capital Parks-Central	368,100	979,100	611,000
National Capital Parks-East	172,900	459,400	286,500
Piscataway Park	5,800	16,100	10,300
President's Park	27,000	71,500	44,500
Prince William Forest Park	34,700	356,300	321,600
Rock Creek Park	80,500	214,400	133,900
Special Events (NCR)	8,500	23,700	15,200
White House	40,100	111,600	71,500
Wolf Trap Farm Park	57,300	152,300	95,000
Pacific Northwest Region			
Coulee Dam NRA	51,200	142,400	91,200
Crater Lake NP	96,600	293,600	197,000
Craters of the Moon NM	18,700	59,800	41,100
Fort Clatsop NMEM	10,500	34,500	24,000
Ebey's Landing NHR	2,300	6,400	4,100
Fort Vancouver NHS	10,900	31,700	20,800
John Day Fossil Beds NM	7,700	21,500	13,800
Klondike Gold Rush NHP (Seattle)	3,500	9,900	6,400
Mount Rainier NP	260,300	813,200	552,900
Nez Perce NHP	8,500	23,800	15,300
North Cascades NP, Lake Chelan NRA	59,400	166,700	107,300
Olympic NP	174,900	555,400	380,500
Oregon Caves NM	3,400	9,500	6,100

San Juan Island NHP	4,100	11,400	7,300
Whitman Mission NHS	4,500	27,300	22,800
Rocky Mountain Region			
Arches NP	70,500	242,200	171,700
Badlands NP	86,000	245,300	159,300
Bent's Old Fort NHS	10,200	31,300	21,100
Big Hole NB	4,200	13,600	9,400
Bighorn Canyon NRA	24,700	68,400	43,700
Black Canyon of the Gunnison NM	24,800	75,800	51,000
Bryce Canyon NP	146,800	493,800	347,000
Canyonlands NP	51,000	158,200	107,200
Capitol Reef NP	25,300	69,200	43,900
Cedar Breaks NM	8,600	23,400	14,800
Colorado NM	31,100	96,900	65,800
Curecanti NRA	42,300	118,700	76,400
Custer Battlefield NM	32,100	105,400	73,300
Devils Tower NM	33,800	115,000	81,200
Dinosaur NM	59,700	185,200	125,500
Florissant Fossil Beds NM	8,700	25,700	17,000
Fort Laramie NHS	14,900	44,700	29,800
Fort Union Trading Post NHS	2,700	7,500	4,800
Fossil Butte NM	2,200	6,100	3,900
Glacier NP	277,200	836,300	559,100
Glen Canyon NRA	127,600	370,200	242,600
Golden Spike NHS	11,200	29,000	17,800
Grand Teton NP	306,100	1,209,500	903,400
Grant-Kohrs Ranch NHS	9,400	28,200	18,800
Great Sand Dunes NM	40,000	124,000	84,000
Hovenweep NM	1,800	4,900	3,100
Jewel Cave NM	34,000	114,100	80,100
John D Rockefeller Jr Memorial Parkway	4,100	11,400	7,300
Knife River Indian Village NHS	2,500	7,000	4,500
Mesa Verde NP	146,900	472,700	325,800
Mount Rushmore NMEM	16,100	44,800	28,700
Natural Bridges NM	8,400	25,900	17,500
Pipe Spring NM	5,400	15,100	9,700
Rainbow Bridge NM	1,500	4,200	2,700
Rocky Mountain NP	462,300	1,686,800	1,224,500
Theodore Roosevelt NP	38,800	129,100	90,300
Timpanogos Cave NM	38,100	109,500	71,400
Wind Cave NP	54,000	150,500	96,500
Yellowstone NP	701,200	2,655,000	1,953,800
Zion NP	270,500	862,300	591,800
Southeast Region			
Abraham Lincoln Birthplace NHS	5,500	15,300	9,800
Andersonville NHS	12,500	37,900	25,400
Andrew Johnson NHS	5,700	16,400	10,700
Big Cypress National Preserve	23,900	66,500	42,600
Big South Fork N River & RA	22,000	69,300	47,300
Biscayne NP	19,100	53,200	34,100

Blue Ridge Parkway	188,500	552,400	363,900
Buck Island Reef NM	2,200	6,100	3,900
Canaveral NS	70,200	64,500	-5,700
Cape Hatteras NS	146,600	376,200	229,600
Cape Lookout NS	14,600	40,600	26,000
Carl Sandburg Home NHS	10,100	35,400	25,300
Castillo De San Marcos NM & Fort Matanzas NM	83,300	243,100	159,800
Chattahoochee River NRA	23,900	66,600	42,700
Chickamauga/Chattanooga NMP	21,100	60,300	39,200
Christiansted NHS	7,300	22,200	14,900
Congaree Swamp NM	4,000	11,100	7,100
Cowpens NB	5,000	16,600	11,600
Cumberland Gap NHP	21,900	61,900	40,000
Cumberland Island NS	20,100	48,900	28,800
De Soto NMEM	3,800	43,300	39,500
Everglades NP	219,000	643,600	424,600
Fort Caroline NMEM	4,500	12,500	8,000
Fort Donelson NMP	10,700	34,300	23,600
Fort Frederica NM	11,500	37,900	26,400
Fort Jefferson NM	4,400	12,200	7,800
Fort Pulaski NM	14,000	43,600	29,600
Fort Raleigh NHS	3,500	9,700	6,200
Fort Sumter NM	12,900	36,000	23,100
Great Smoky Mountains NP	283,900	675,100	391,200
Guilford Courthouse NMP	5,800	16,100	10,300
Gulf Islands NS	162,000	541,600	379,600
Horseshoe Bend NMP	4,500	12,500	8,000
Kennesaw Mountain NBP	10,400	29,000	18,600
Kings Mountain NMP	6,300	17,500	11,200
Mammoth Cave NP	222,200	713,100	490,900
Martin Luther King Jr NHS	12,700	35,400	22,700
Moores Creek NBP	3,500	9,700	6,200
Natchez Trace Parkway, and Brices Cross Roads NBS	89,300	248,600	159,300
Ninety Six NHS	2,900	8,100	5,200
Obed Wild & Scenic River	2,600	7,200	4,600
Ocmulgee NM	9,400	31,600	22,200
Russell Cave NM	2,500	7,000	4,500
San Juan NHS	71,300	82,600	11,300
Shiloh NMP	17,500	57,500	40,000
Stones River NB	7,700	24,300	16,600
Tuskegee Institute NHS	6,400	17,800	11,400
Vicksburg NMP	44,600	148,600	104,000
Virgin Islands NP	28,100	78,200	50,100
Wright Brothers NMEM	28,900	88,300	59,400
Southwest Region			
Amistad NRA	20,900	58,400	37,500
Arkansas Post NMEM	3,300	9,200	5,900
Aztec Ruins NM	9,200	29,200	20,000
Bandelier NM	50,600	149,800	99,200
Big Bend NP & Rio Grande Wild and Scenic	86,000	285,800	199,800
Big Thicket National Preserve	19,300	53,700	34,400
Buffalo National River	44,200	117,600	73,400
Canyon de Chelly NM	10,300	28,700	18,400
Capulin Volcano NM	9,600	29,100	19,500

Carlsbad Caverns NP	306,000	865,600	559,600
Chaco Culture NHP	12,900	39,900	27,000
Chamizal NMEM	18,000	50,200	32,200
Chickasaw NRA	32,800	94,700	61,900
El Malpais NM	0	8,000	8,000
El Morro NM	6,700	18,900	12,200
Fort Davis NHS	10,900	30,800	19,900
Fort Smith NHS	7,800	25,200	17,400
Fort Union NM	4,900	17,800	12,900
Gila Cliff Dwellings NM	2,600	7,200	4,600
Guadalupe Mountains NP	17,300	50,500	33,200
Hot Springs NP	25,800	73,100	47,300
Hubbell Trading Post NHS	5,800	16,100	10,300
Jean Lafitte NHP & Preserve	33,200	92,400	59,200
Lake Meredith RA & Alibates Flint Quarries NM	19,400	54,100	34,700
Lyndon B Johnson NHP	29,000	80,700	51,700
Navajo NM	5,500	15,300	9,800
Padre Island NS & Palo Alto Battlefield NHS	24,900	279,500	254,600
Pea Ridge NMP	9,700	33,400	23,700
Pecos NM	7,000	21,000	14,000
Salinas NM	6,200	21,100	14,900
San Antonio Missions NHP	15,100	42,100	27,000
White Sands NM	50,100	150,400	100,300
Wupatki NM & Sunset Crater NM	11,600	82,300	70,700
Western Region			
Cabrillo NM	41,300	136,300	95,000
Casa Grande NM & Hohokam Pima NM	17,300	49,600	32,300
Channel Islands NP	19,500	54,100	34,600
Chiricahua NM & Fort Bowie NH	17,400	49,700	32,300
Coronado NMEM	3,100	8,600	5,500
Death Valley NM	147,700	546,800	399,100
Devil's Postpile NM	1,000	2,800	1,800
Eugene O'Neill NHS	2,500	7,000	4,500
Fort Point NHS	3,800	10,700	6,900
Golden Gate NRA	189,000	527,400	338,400
Grand Canyon NP	696,700	2,336,000	1,639,300
Great Basin NP	16,000	65,800	49,800
Haleakala NP	58,500	243,300	184,800
Hawaii Volcanoes NP	131,600	401,200	269,600
John Muir NHS	5,800	16,900	11,100
Joshua Tree NM	66,500	253,100	186,600
Kalaupapa NHP	4,000	11,100	7,100
Kaloko-Honokohau NHP	3,800	10,600	6,800
Lake Mead NRA	175,900	501,600	325,700
Lassen Volcanic NP	91,900	315,300	223,400
Lava Beds NM	15,600	45,700	30,100
Montezuma Castle NM	57,300	174,700	117,400
Muir Woods NM	2,700	7,500	4,800
Organ Pipe Cactus NM	39,300	123,300	84,000
Petrified Forest NP	106,400	324,500	218,100
Pinnacles NM	26,600	80,600	54,000
Point Reyes NS	35,500	98,800	63,300
Puukohola Heiau NHS	2,900	8,100	5,200
Pu'uhonua O Honaunau NHP	22,200	88,400	66,200

Redwood NP	87,700	244,300	156,600
Saguaro NM	30,000	89,400	59,400
Santa Monica Mountains NRA	45,400	125,800	80,400
Sequoia NP & Kings Canyon NP	349,900	1,076,500	726,600
Tonto NM	6,700	22,500	15,800
Tumacacori NM	8,500	25,300	16,800
Tuzigoot NM	10,600	30,200	19,600
U.S.S. Arizona Memorial	20,000	55,700	35,700
Walnut Canyon NM	16,500	50,600	34,100
War in the Pacific NHP	4,100	11,400	7,300
Whiskeytown NRA	36,000	144,500	108,500
Yosemite NP	1,033,300	3,157,200	2,123,900
Director's Discretionary Fund			
Discretionary Fund	0	5,220,000	5,220,000
	15,000,000	52,200,000	37,200,000

1/ The amounts shown for fiscal year 1989 are estimates. Actual amounts will be determined based on fiscal year 1988 fee revenues.

23a. Question: The Committee is concerned that the definitions included in the legislation authorizing increased user fees may need further interpretation. For the record, please provide the National Park Service's interpretation of "resource protection" as established in H.R. 3545, the Omnibus Reconciliation Act of 1988 which made increased entrance fees permanent law.

Answer: The Park Service definition of "Resource Protection" is based on the following definitions of natural and cultural resources management:

Natural Resource Management:

The Service gave parks flexibility in the use of fee [illegible] by defining "natural resource protection" to include the current program areas of protection and enforcement, preservation, mitigation and restoration; research and studies; inventory and monitoring; mining and minerals management; air quality related work; acid rain related work; and water resource studies. All of these are natural resource management work in existing Resource Management Plans. Definitions of these elements are as follows:

Natural Resources Management: Protection and Enforcement:

Activities involving the protection of park resources from overuse, vandalism, or destruction by man-made causes and enforcement of laws and regulations effecting park natural resources. This includes ranger patrols (including backcountry and wilderness) required to protect park natural resources, special permitting, and enforcement of regulations and/or laws pertaining to fish and wildlife species, endangered species, agriculture, grazing, minerals management, and air and water quality, etc.

Natural Resources Management: Preservation, Mitigation and Restoration:

Activities involving preservation, mitigation, and/or restoration work related to either sustaining the existing form and integrity of a natural system (or system component) or converting an altered resource to a more functional or natural state. Preservation may include such actions as habitat protection and maintenance, control on non-native species, prescribed fire, and all integrated pest management. Restoration includes such actions as repair of eroded sites, replanting/reintroduction of native species, and site/landscape/habitat restoration.

Natural Resources Management: Research and Studies:

Activities related to research and studies which are conducted for the purpose of providing management with information to make proper decisions pertaining to protection, preservation, rehabilitation or restoration of park natural resources. Research involves research design, data collection, analyses, and development of reports, publications, and management recommendations. Studies typically do not include all the steps in the research process just outlined, but they do use part of the process to do such things as impact analyses, literature reviews, trend analyses, experimental testing, etc. This also includes planning studies to provide technical guidance to programs, such as hazard tree removal or restoration of historic landscapes and their long-term maintenance.

Natural Resources Management: Inventory and Monitoring:

Activities involving the systematic and one-time or periodic collection of information on park resources and their use by park visitors. The purpose of such activities are to establish baseline data on the extent and condition of park natural resources, to detect changes over time or to help relate environmental quality (as an index) to factors producing or capable of producing change. This may include development and implementation of park early-warning systems for resource preservation/restoration/rehabilitation--air quality sampling, water quality and quantity sampling, transects, photo-points, species censusing, species distribution mapping, snow surveys, remote sensing, geographic information systems, etc.

Mining and Minerals Management:

Activities associated with monitoring mining and mineral extraction activities in parks; evaluating the validity of outstanding mining claims; assessing the adequacy of plans of operation and their potential environmental impact and evaluating the associated mitigation measures; and cooperating with other Federal agencies in review and evaluation of energy and mineral development projects adjacent to park areas. Also includes reviewing legislation and regulations, developing policy guidance and procedures,

and other activities of Mining and Minerals staffs in Denver and Washington.

Natural Resources Management: Air Quality:

Activities associated with monitoring and analyzing air quality in Class I/II (Clean Air Act) park areas, and for collecting and analyzing biological effects data to determine if air pollution is adversely affecting park natural resources.

Natural Resources Management: Acid Rain:

Activities associated with monitoring at National Atmospheric Deposition Program (NADP) sites, and research on the extent of acidification in terrestrial and aquatic ecosystems or on its effects on stone, metal, masonry, and other materials used in the construction of historic and prehistoric structures and objects.

Natural Resources Management: Water Resources:

Activities related to studies for collection and analysis of water data for general development and resource management plans; ajudication of water rights in parks, location of new and/or supplemental water sources for existing and/or proposed water systems (including test well drilling; location of potable ground water sources in lieu of existing surface water sources subject to pollution; delineation of flood plains and related flood hazards; formulation of water quality management plans and establishment of water quality standards and criteria to maintain, enhance or restore water quality; establishment of monitoring programs to assess impact on System area water quantity, quality and riparian ecosystems from visitor use and ongoing or proposed energy, industrial, mining, or other developments; and the formulation of water resources management plans.

Cultural Resource Management

Cultural resources management was also broadly defined and includes five major elements:

-- Planning, research, inventory, evaluation and study related to cultural sites, structures, objects (both natural and cultural), landscapes, and ethnographic resources that comprise the cultural resource base of parks.

-- Preservation maintenance which includes routine maintenance, cyclic maintenance, and stabilization work related to cultural sites and structures; object conservation; storage, environmental control and monitoring activities related to museum collections; restoration and rehabilitation of structures.

-- Cultural resource monitoring, including monitoring of environmental and visitor impacts and changes in

resource integrity, where such monitoring is necessary to provide for proper treatment.

-- Protection of cultural resources against looting, theft and vandalism.

-- Resource security, environmental control and monitoring systems.

23b. Question: As you are applying new fee legislation, is there a distinction between cultural and natural resource protection? If so, please define each and describe the distinction.

Answer: There is a distinct difference between natural and cultural resource protection as described in the definitions provided in the preceding question. The distinction is primarily a function of inherent differences in the two categories of resources and what is needed to manage them in the national parks.

QUESTIONS SUBMITTED BY SENATOR DALE BUMPERS

BUFFALO NATIONAL RIVER

1. Question: What were the annual visitation figures for the Buffalo National River in 1987?

Answer: The park experienced 1,052,500 recreational visits in 1987.

2. Question: What are the next construction projects needed for the Buffalo National River?

Answer: The National Park Service prefers to use its funding to alleviate potential health and safety problems. The park recommends accomplishment of the following construction projects (in priority order).

		($ in thousands)
1.	Construct Visitor Center with Exhibits, Parking and Utilities, Tyler Bend (Phase II Developments)	$1,590
2.	Complete Phase II Developments at Erbie, Including Picnic Areas, Footbridge, Signs, Fencing, Vault Toilets and Parking	500
3.	Construct Boat Landing, Campground, Trails, Parking Areas and Residence, Rush	1,500
4.	Complete Paving of All Roads, Tyler Bend	880
	Total	4,470

3. Question: Funding has been appropriated for Phases I and II of construction at the Tyler Bend area. What is the status of these projects?

Answer: Phase I construction, including an entrance road, utility trenching, a river access launch and a day-use area, is currently underway by contract with an estimated completion in May 1988. Phase II construction, which includes a campground, comfort stations, sewage treatment, picnic area with pavilion, hiking trail, amphitheater and maintenance facilities, is now being designed with an estimated construction contract award date of September 1988. In addition, a separate contract for three-phase electric power is being negotiated with the local electric company.

4a. Question: Have additional operating funds and FTE's for the Tyler Bend been requested in the operating budget for the Buffalo National River for FY 89?

Answer: No additional funds are included in the fiscal year 1989 budget.

4b. Question: What increases will be appropriate and necessary for visitor services, resource management, maintenance and other costs associated with the opening of Tyler Bend?

Answer: Estimated funding for operating Tyler Bend is as follows:

	($ in thousands)
Protection/Resource Management	$200
Maintenance	185
Interpretation	15
Total	400

5. Question: The base operations budget for the Buffalo would be decreased under the President's budget request by $200,000. Including fees returned to the Park, operations would be decreased by $126,000. What activities funded in FY 88 will have to be cut back or discontinued under the President's budget request?

Answer: The reduction represents the non-recurrence of a congressional add-on in fiscal year 1988 rather than a decrease to the park established base. All funding adjustments mean that management would necessarily have to devote the available resources to those areas and functions of highest priority. However, the $117,600 distribution of fee enhancement funds to Buffalo National River represents a real increase to prior year operational levels.

HOT SPRINGS NATIONAL PARK

1. Question: What are the expected completion dates for the renovation of the Fordyce Bathhouse Visitor's Center and for the installation of exhibits? Will sufficient funds be available for the completion of this project?

Answer: The Fordyce Visitor Center construction is expected to be completed in January 1989. The installation of exhibits is expected to be completed in February 1989. A grand opening of the

Fordyce is being planned for May 1989. Yes, we anticipate that sufficient funds are available to complete the renovation of the Fordyce Bathhouse and the installation of exhibits, including films, barring unforeseen problems.

2. Question: Have additional operating funds and FTE's been requested for the operation of the Visitor's Center and associated costs?

Answer: No additional funding is included in the 1989 budget for the operation of the Fordyce Visitor Center.

3. Question: Last year the Park Service stated in response to my written question concerning the Hot Springs operations budget that: "Such an increase is both appropriate and necessary when major new facilities are opened. The park estimates that an additional $450,000 and 6 FTE's will be required for interpretation, maintenance, visitor protection, resource management, increased utility costs and other expenses that will occur when the Fordyce Visitor Center is operational."

Are these estimates still accurate?

Answer: The estimate for an additional $450,000 "Operation of the National Park System" funding being necessary to satisfactorily manage park requirements is accurate, but the Service believes that its highest priority should be placed on resolving health and safety related problems.

4. Question: The Fordyce Bathhouse is the centerpiece of a comprehensive preservation and improvement program planned for Hot Springs National Park. What are the next construction projects needed for the park, including Bathhouse Row, and the Grand Promenade Historic District area?

Answer: To complement the Fordyce and the other features in the Bathhouse Row National Historic Districts, which includes the other bathhouses, the Grand Promenade, trails, the Arlington Lawn and the numerous esthetic and historic vegetative plantings, construction funding for the following projects is necessary:

	($ in thousands)
1. Implementation of the Landscape Management Plan for Bathhouse Row and the Grand Promenade, Including Regrading, Irrigation, Planting, Lighting, Accessibility Improvements, Springs Displays, Sidewalk, Replacement and Signs	$4,620
2. Construct Three Kiosks (Exhibit Shelters) for Visitor Orientation	60
3. Rehabilitate Two Comfort Stations on Bathhouse Row	30
4. Provide Wayside Exhibits Throughout the Park	165
Total	4,875

5. Question: What is the status of the bathhouse leasing program?

Answer: On August 28, 1987, the lease was finalized with Mr. Melvyn Bell of Bell Equities, Inc., of Little Rock, Arkansas, for adaptive reuse of five vacant historic bathhouses. The uses will feature a mechanical musical instrument museum in the Superior Bathhouse, a 100-seat restaurant in the Quapaw Bathhouse, an exclusive health spa in the Maurice Bathhouse, a bed and breakfast inn in the Hale Bathhouse, and an Ozark Mountains arts center in the Ozark Bathhouse.

6. Question: Under the President's budget request, park operations funding for Hot Springs would be decreased by $225,000 in FY 89. Including the fees allocated to the park, the decrease would be $178,000. What activities funded in FY 88 will have to be cut back or discontinued in FY 89 under the President's budget request?

Answer: The decrease referred to is not really a reduction to established park base funding, but rather the nonrecurrence of a congressional add-on for the park in fiscal year 1988. No critical park activities would be cut back or discontinued as a result of the non-recurrence of this prior year add-on. This funding is designated for operational and maintenance costs related to the ongoing restoration of the historic Fordyce Bathhouse as the park's Visitor Center.

7. Question: What were the annual visitation figures for Hot Springs National Park in 1987?

Answer: There were 1,101,240 recreational visits to the park in 1987.

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

JEAN LAFITTE NATIONAL HISTORICAL PARK AND PRESERVE

1. Question: Please provide me with a status report on hunting and trapping at the Barataria Unit of the Jean Lafitte National Park.

Answer: The hunting program was initiated in 1982 and was formalized with the signing of a Cooperative Agreement with the Louisiana Department of Wildlife and Fisheries in August 1987.

The Agreement established a series of cooperative studies to be accomplished over a period of 18 to 24 months. One study provides censusing of hunters (through the implementation of a daily registration/permit system), and trapping game harvest (through bag counts and game harvest data collection).

A second study deals with the trapping success of trappers/lessees. Random sampling schedules were implemented and daily data collection was accomplished.

It should be noted that abnormally high winter temperatures and variable water levels, combined to create poor conditions for

hunting. Those same conditions, coupled with very low fur prices, reduced trapping activities.

Raw data have been recorded for the 1987-1988 season. However, final analyses have not been accomplished due to the very busy schedules of Louisiana Wildlife and Fisheries personnel. Joint meetings are scheduled for early April and Park Resource Management intends to have recommendations ready for management review by May.

1987-1988 HUNTING PROGRAM

Participants/Permits	Harvest
382	7 deer 12 ducks 30 squirrels

1987-1988 TRAPPING PROGRAM

Trapper/Lessees	Harvest
7	868 nutria 1 muskrat 10 racoons 8 mink 3 otter 7 other

2a. Question: I understand the Park Service is currently conducting a census/baseline studies at the Barataria Unit. Please provide me with information on the census.

Answer: The park entered into a Cooperative Agreement studies project with the Louisiana Department of Wildlife and Fisheries in August 1987. The proposed studies are projected to require from 18 to 24 months to complete. At the present time, both hunting and trapping activities are being monitored and census data is being collected. At this place in time, data has been compiled, but no analyses have been completed.

2b. Question: What types of safeguards are being implemented to assure accuracy?

Answer: Study designs were established in keeping with accepted scientific practices/procedures, and were reviewed by the National Park Service and United States Fish and Wildlife Service, before implementation. Park management is satisfied that these studies will develop adequate and reliable data.

2c. Question: Will hunting and trapping be allowed to continue while you are conducting the census/baseline studies?

Answer: Yes, hunting and trapping activities will be permitted to continue during the studies. Public Law 95-625 mandates the continuation of these "traditional uses," and the harvest numbers from both hunting and trapping are important, and integral parts of the censusing programs.

Continuous field monitoring and enforcement activities will insure proper conduct of participants, and assure public safety. During the 1987-1988 trapping season, one trapper/lessees was relocated in the interest of public safety.

The Secretary of the Interior, the Director of the National Park Service, the Regional Director of the Southwest Region and the Superintendent of Jean Lafitte National Historical Park and Preserve have been named as defendants in a Civil Action (no. 87-5904), filed in New Orleans on December 23, 1987, by the Orleans Audubon Society and Fund for Animals, concerning trapping.

CAJUN MUSIC PROGRAM

3a. Question: Please provide me with a status report on the Cajun music program that is conducted weekly at the Eunice Unit of the Park's Cajun Cultural Centers. Specifically, do the programs contain solely Cajun music?

Answer: The Eunice Liberty Theater Acadian music programs contain Cajun and Zydeco music.

3b. Question: Do the programs contain a broad and varied presentation of Cajun music?

Answer: The music varies from traditional to contemporary Cajun music and Zydeco music. Also, Cajun humor ("raconteurs"), folk stories, myths, recipes and crafts are presented.

3c. Question: Are the concerts well attended?

Answer: Almost every Saturday night the theater is filled to capacity (700 seats).

3d. Question: Do you propose any changes in this program in the future?

Answer: No changes in this highly successful program are proposed.

3e. Question: I understand the weekly music program is aired on the radio. How many stations carry the program and to what areas of the country?

Answer: Presently KJJB-FM in Eunice broadcasts live and and KEUV-AM in Eunice and KRVS-FM (public radio USL station) in Lafayette, Louisiana, provide delayed broadcasting. The park is presently anticipating future, delayed broadcasts on WWOZ in New Orleans. The show is also broadcast on Acadian open-access channel cable TV in Lafayette, Louisiana (50,000 subscribers). We are working with New Orleans Cox Cable TV cultural access cable to broadcast a 10-part series.

3f. Question: Is there any effort to air the program on other stations or in other sections of the country?

Answer: The park is currently working with the mayor of Eunice on a promotional and marketing plan to solicit radio and

cable stations throughout the country. We are also negotiating with Station WRNO New Orleans, which is broadcast worldwide.

GERMAN CULTURE CENTER

I understand that the Park Service recently entered into a cooperative agreement to establish a German cultural center in Gretna, Louisiana.

4a. Question: Please provide me with information on this center and your plans for its development.

Answer: At this time there is no cooperative agreement to establish a German cultural center in Gretna. At a meeting on March 31, 1988, with the Parish Council, the mayor of Gretna and the president of the German Cultural Society, negotiations on the terms of a possible cooperative agreement with the park were initiated.

4b. Question: Please inform me of what you hope to accomplish at the Gretna center over the next year, next two years.

Answer: The role of the park remains uncertain at this time.

4c: Question: What is the anticipated cost of the Park Service's involvement?

Answer: The cost is unknown at this time.

4d. Question: Will this be met within available funds? If not, do you intend to request additional funds or a reprogramming of funds for this purpose?

Answer: This cannot be answered until the cost, if any, is determined.

ARCHAEOLOGICAL WORK AT THE BARATARIA UNIT

5a. Question: What is the status of the archaeological work that is being done at the Barataria Unit?

Answer: Archeological survey work was accomplished prior to the phase one construction east of Louisiana Highway 45 in the Big Woods area (Environmental Education Center complex).

5b. Question: To whom have contracts been let and has this work been completed?

Answer: The survey was contracted to R. Christopher Goodwin and Associates of New Orleans and the work and related report was received, reviewed and approved in August 1987 by the Regional archeologist and the National Park Service chief archeologist.

5c. Question: If not, when do you expect it to be completed and how do you intend to follow up on any suggestions that are contained in the reports?

Answer: The survey has been completed. The report concluded that the proposed development would have no impact on

archeological sites in the area and no further assessments were necessary.

CAJUN CULTURAL CENTERS

6. Question: Please provide me with a status report on the establishment and construction of the Cajun cultural centers in Eunice, Lafayette and Thibodaux.

Answer: The Cultural Centers in Eunice and Thibodaux are progressing but the construction money probably will not be obligated in fiscal year 1988:

Eunice

Concept Development Plan - complete.
Negotiations on design development - complete.
Design development completion date - May 30, 1988.
Stabilization and demolition of Seale Building (Cultural Center), will be advertised June 1988.
Cultural Center construction drawing completion date - August 15, 1988.
Construction contract award date - January 1989.

Thibodaux

Development Concept Plan - complete.
Negotiations on design development - complete.
Design development Lobdell Building (Cultural Center), completion July 1988.
Stabilization, demolition and exterior improvements to Lobdell Building - begin October 1, 1988.
Construction of Performing Arts Theater, parking, and first floor of Lobdell Building to begin February 1989.

The site location proposed by Mayor Dud Lastrapes of Lafayette was accepted with conditions. The city has agreed to meet National Park Service conditions by May 1988. These conditions are:

The ballfield, restroom and playfield will need to be replaced on another, similar site in the city. This is necessary because of the National Park Service policy of not displacing such facilities by Service action.

The 200-foot airport easement must be removed so that the Service can proceed with development on this area.

An agreement with the city and/or the Bayou Vermillion District will be required for the relocation or placement underground of the utility lines that cross the site.

Additional visitor parking.

Additional road access.

NEW ORLEANS WATERFRONT

The FY 1987 Urgent Supplemental Appropriations Bill directed the Park Service to conduct a study of the New Orleans waterfront.

7a. Question: Has this study been completed? If not, when is its estimated completion date?

Answer: No the study is now underway. The estimated completion date is October 1, 1988.

7b. Question: Please provide me with a copy of the study just as soon as it is available.

Answer: A copy of the study will be forwarded as soon as it is available.

FULL-TIME EQUIVALENT

The Senate FY 1988 Interior Appropriations Report directs the Service to provide one FTE to the Louisiana Department of Wildlife and Fisheries and the Office of Culture, Recreation, and Tourism to assist the State in devising a management plan for Louisiana's river system.

8a. Question: Has that FTE been provided? If not, why not?

Answer: Yes, that FTE is being provided.

8b. Question: If so, has it been a beneficial arrangement to both sides. If not, why not?

Answer: The arrangement is beneficial to both sides. The Mid-Atlantic and Southwest Regional Offices have been working with the State of Louisiana in the development of a management plan for the Louisiana Natural and Scenic Streams System. The Mid-Atlantic Region is taking the initial lead on this project and the Southwest Region will gradually assume project responsibility. In addition, the Washington Office has entered into discussions with Louisiana regarding the potential development of a computerized geographic information system as part of the project. In fiscal year 1987, the Mid-Atlantic Region and the Louisiana Department of Wildlife and Fisheries undertook and completed a series of public forums on rivers-- summarized in a public release of the recommendations by the Scenic Streams Task Force on March 23, 1988. A draft Memorandum of Agreement between the National Park Service and the Louisiana Department of Wildlife and Fisheries, outlining the tasks and responsibilities for the further design of the river management system is now under review.

QUESTIONS SUBMITTED BY SENATOR DENNIS DeCONCINI

GLEN CANYON NATIONAL RECREATION AREA

It is my understanding that the National Park Service intends to withdraw funding that was provided in the FY 88 Continuing

Resolution for specific use in park areas that have severe current funding deficiencies.

1. Question: What is the rationale and authorization for making this transfer of funds without regard to the intent of the Congress?

Answer: Inasmuch as the Department of Interior and the National Park Service must do their part in restraining Federal deficit spending, a decision was made to request elimination of these funds. However, Glen Canyon received an additional $370,000 benefit from the distribution of fee revenues in fiscal year 1989. This amount exceeds the additional $250,000 provided by Congress in fiscal year 1988 and withdrawn by the Administration in the fiscal year 1989 budget request. In formulating its fiscal year 1989 base budget, the Service placed its highest priority on alleviating potential health and safety problems.

2. Question: A specific appropriation of $250,000 to the base funding for Glen Canyon National Recreation Area was included in the fiscal year 1988 Continuing Resolution. These base funds are providing ranger, interpretation and maintenance programs for new facilities that currently have no or very little Government presence.

How will the National Park Service make up for these deficiencies if the $250,000 is withdrawn from the park's base funding?

Answer: The fiscal year 1988 add-on was eliminated to help reduce the Federal deficit in accord with the Budget Summit Agreement. These funds were used for additional maintenance staff to provide routine and preventive maintenance necessary for the upkeep of expanded Government facilities and for additional rangers and support personnel to provide interpretation, visitor protection and other visitor services. Withdrawal of the $250,000 will require that operations and visitor service levels be reduced to the level of fiscal year 1987. Although operational needs could suffer without the addition of fee monies, we estimate that Glen Canyon will receive $370,000 of fee enhancement funds in fiscal year 1989, an increase of about $243,000 from fiscal year 1988. These funds will help mitigate the impact of the withdrawal of the fiscal year 1988 add-on in the areas of interpretation and resource management. In addition the Service is exploring the possibility of recommending an admission fee to help meet the operational needs of park areas such as Glen Canyon and Lake Mead National Recreation Areas. However, any additional funds provided from the fee program will be under the same use limitations given in the language contained in the legislation.

3. Question: The additional $250,000 for Glen Canyon was specifically appropriated for the operations and maintenance of expanded visitor facilities, while the fee enhancement funds are reserved specifically for resource protection and enhancement. There is a basic difference in these funding sources and authorizations.

How do you anticipate to make up for the shortfall in regular operations and maintenance funds to allow Glen Canyon to reduce its backlog of operational deficiencies?

Answer: High priority interpretive, resource management, research, and maintenance related to resource management projects have been identified to be accomplished with fee enhancement funds. The fee legislation does not provide funds for operational maintenance and visitor protection.

FEE PROGRAM

I understand that each park is receiving a percentage of the fee enhancement funding. However, I also understand that the procedure for returning funds to the parks is based on a percentage of the actual funds collected. In cases like Glen Canyon and Lake Mead Recreational Areas where entrance fees are not collected, they receive a considerably smaller amount of the enhancement fees that do those large parks that collect entrance fees. The documents I have reviewed shows that visitation is increasing and visitor facilities needs are expanding faster in many recreation and developing areas than in other areas.

4. Question: With this being the case, how do you intend to give recreational and developing areas a bigger share of the fee enhancement funding in the future?

Answer: With the exception of the 10 percent discretionary fund provided to the Director, the Service is limited to providing fee enhancement funding in the manner prescribed by the fee legislation. At present, the Service is exploring the feasibility of implementing entrance fees at both Lake Mead and Glen Canyon National Recreation Areas. Should it be determined that entrance fees could be collected at these units, they would begin collecting in 1989 pursuant to approval by Congress. Any fee revenues collected in 1989 would increase the amount available to the parks the following year. In the case of both parks, the fee revenue potential is considerable.

5. Question: Neither Lake Mead nor Glen Canyon have entrance stations to collect fees. In both areas, it will cost more than $1.5 million each to provide the facilities necessary to collect fees.

Does the Park Service have the funds to construct these collection facilities? If not, how do you expect to absorb these costs?

Answer: At the present, neither park unit collects an entrance fee. As part of the process of determining whether entrance fees are feasible at Lake Mead or Glen Canyon National Recreation Areas, the Service will analyze the situations and recommend the most appropriate means and scope of collection at these units. The Service believes that there may be less expensive alternative mean of collecting fees at these areas. By redirecting funds used in fiscal year 1988 to implement new entrance fees and construct fee collection facilities at a number of parks, the service will have funds (estimated at $750,000 to $1,000,000) available in fiscal 1989 to implement new fees or supplement the expansion of existing fee areas. The requirements of Lake Mead and Glen Canyon, as well as the potential benefits to be gained, will be measured against other candidates competing for the available funding.

6. Question: When offsetting funds from one funding source to defray deficiencies created by the fee enhancement program, are you not defeating the original purpose for the fee enhancement programs?

Answer: The Service has complied with the intent of the fee legislation by distributing the entire enhancement amount to the park units for the prescribed uses of interpretation, research, resource protection, and maintenance related to resource protection. Due to the restrictive nature of the fee law, enhancement funds may only be used to a limited extent for maintenance activities. The net result is a shift in emphasis from maintenance to interpretation and resource protection.

LAKE MEAD NATIONAL RECREATION AREA

In 1987, according to your budget documents, visitor use of the Lake Mead National Recreation Area totaled approximately 8.3 million. This figure represents an increase in visitation of approximately 41.5 percent since 1980.

1. Question: Can you explain what factors have contributed to the increasing visitation at Lake mead in the past 7 years?

Answer: A combination of factors are responsible for the increase in visitation at Lake Mead National Recreation Area. One of the most significant is a large increase in the population of the southwest, particularly in the Las Vegas, Nevada and in the Laughlin, Nevada - Bullhead City, Arizona area. Visitation to the Las Vegas area in 1978 was 11,178,111. In 1987 it was 16,216,102; a 45.1 increase.

2. Question: Looking at the ONPS budget for this recreation area, in FY 89 the Park Service intends to provide $5.6 million and 153 FTE's and an additional $500,000 from the fee program. By contrast, Gateway National Recreation Area has a budget of $11.8 million with 328 FTE's in an areas where visitation is in the range of 9.6 million.

With the diversity of resources at Lake Mead and projections for increasing visitation, how does the NPS expect to meet visitor demands without a significant increase in the operating budget and a corresponding increase in full time personnel?

Answer: The Service is analyzing resource allocations to the parks. Should the analysis reveal significant unmet needs, several alternatives could then be explored including a reallocation among park areas. The fee program is a potential source of additional income to these areas, with the amount available from this program directly proportional to the amount of fees collected. Currently each of the recreation areas, including Lake Mead, realize significant enhancement funding based on the size of its operating budget.

3. Question: While visitation has been increasing at Lake Mead, the ranger per visitor ratio has dropped significantly. Throughout this period, incidents at the park have risen from 2,574 in 1975 to 13,000 in 1987.

What additional funding is needed at this recreation area to meet law enforcement, visitor services, and resource protection not presently being provided?

Answer: To optimize law enforcement, visitor services, and resource protection, a total of $697,000 would be required in base funding. This funding would allow the addition of five park rangers to the staff, provide funds for 5.6 FTE's of seasonal rangers, fund an additional boat repairman to keep the patrol boats as well as lakeshore clean-up and sanitation boats operating, and allow staffing of adequate numbers of lifeguards at the protected swim beaches. Given the unmet potential health and safety needs throughout the Park System, the Service places its highest priority on meeting there needs.

4. Question: The general management plan for this park was completed in December 1986. That plan identifies needs of $34.8 million by the NPS for development and another $35.3 million by the concessionaires. It is my understanding the Park has identified a need for a minimum of an additional $6.2 million over the next five years just to correct the highest priority deficiencies that affect health and safety and crowding of facilities.

If additional funding was available in FY 89 what would be the minimum necessary to correct some of these high priority problems? can you also tell me how many additional FTE's would be required?

Answer: The highest priority problems that would require funding in the first year include sewage lagoons at Callville Bay, new comfort stations at six developed areas, construction and surfacing of public parking at Echo Bay, Las Vegas Wash, and Katherine Landing, a visitor contact station at Katherine Landing, and a trailer dump station at Katherine.

5. Question: No entrance fees are collected at Lake Mead. Could fees be collected at this area and if so, has the NPS developed a fee proposal for this recreation area? Can you estimate the amount of funds the area could expect to receive from a fee program if implemented?

Answer: The Service is exploring the possibility of implementing entrance fees at Lake Mead National Recreation Area in 1989 or later. The examination is at its most preliminary stage. At this time, we have no estimate as to any projected revenue, but the potential is significant.

6. Question: I have spoken with officials from both the Park Service and the Bureau of Reclamation about a potentially very dangerous and damaging problem of flooding at Lake Mead in the Willow Beach area.

Can you explain for the committee the flooding problem at Willow Beach and what is needed to correct it?

Answer: The General Management Plan, approved in December 1986, identifies structural and nonstructural flood mitigation which must be taken to conform with the requirements of Executive

Order 11988 and the NPS Guidelines on Floodplain Management. Executive Order 11988 was developed "in order to avoid to the extent possible the long and short term adverse impacts associated with the occupancy and modification of floodplains and to avoid direct or indirect support of floodplain development wherever there is a practicable alternative (EO 11988; 42 FR 26951).

Because of their location on the broad alluvial fans adjacent to the water most of the developed areas in the Lake Mead National Recreation Area are susceptible to flash flooding from the often severe thunderstorms which occur in the desert. The flood hazard is most severe at Willow Beach, followed by Cottonwood Cove, Katherine Landing, Temple Bar, Boulder Beach, and Overton Beach. Structural Flood mitigation would consist of the construction of channels and dikes to divert flood flows.

Nonstructural mitigation would consist of facility relocation if the structures could not economically be protected and provided with warning systems.

The National Park System produced a series of "Flood Hazard Studies" that analyzed 100-year and probable maximum floodplains and presented alternative designs for structural flood mitigation measures. Flood Loss Reduction Associates was hired to provide an independent evaluation of the National Park Service structural mitigation proposals for Temple Bar, Cottonwood Cove, and Katherine Landing. The analysis did not reveal any major flaws.

The analysis provides the following flood mitigation alternatives as the preferred action:

> Willow Beach, Arizona - Provide structural protection for motel, restaurant, store. Relocate trailer village. Provide structural protection for other facilities or relocate. $2,168,000

7. Question: I understand a memorandum of agreement between the Park Service and Reclamation has identified a plan for the construction of canals and other diversion structures. What is the estimated total cost of this project?

Are any funds requested in the FY 89 budget to initiate flood control activities?

If additional funding was made available, how much could be used in FY 89 to start the necessary planning, engineering and design activities on this Project?

Answer: A Memorandum of Understanding is currently being reviewed by the National Park Service and the Bureau of Reclamation. This umbrella agreement would provide a basis for our continued cooperation to develop a pilot project for the Bureau of Reclamation to construct necessary canals and other diversion structures to protect the visitor and facilities subject to flash flooding within the Lake Mead National Recreation Area. The total cost of the project is estimated at $11.159 million. The Bureau of Reclamation will consider funding this project possibly as early as fiscal year 1990.

8. Question: What priority does the NPS place on this project?

Answer: The proposed work at Lake Mead currently does not have any Servicewide priority.

SAGUARO NATIONAL MONUMENT

As you know, starting in FY 87 we added $150,000 to the base operations and maintenance budget for Saguaro National Monument. It is my understanding that while this amount has helped curb the most serious deficiencies, additional funding and FTE's [is] are necessary to protect resources, enhance visitor services, and protect the health and safety of the traveling visitor to the park.

1a. Question: Can you update me on the current situation at Saguaro and explain which needs remain to be met?

Answer: Faced with visitation demands which continue to increase at 10 percent annually, the pressures and threats posed by a rapidly expanding Tucson Metropolitan area, and the challenges of transition from an outlying natural area to an urban wilderness park the, $150,000 added to the park operating base in fiscal year 1987 has aided our ability to keep pace with current events. This has been done through the following actions:

Interpretation: A permanent Interpretive Specialist and 2.0 FTE in seasonal Interpretive Rangers have been added. More scheduled programs reached more visitors than any year in the monument's history. And importantly, overall program direction is now being realized as demonstrated by completion of the area's first Statement for Interpretation and initiation of an interim Interpretive Prospectus.

Resource Management: The addition of a permanent resources management technician has enhanced the execution of air quality monitoring, and has freed the resources management specialist to devote professional attention to coordination of both Service and non-Service funded research activities as well as plan and coordinate actions to mitigate the impacts of the Central Arizona Project canal.

Maintenance: The addition of a permanent laborer position at the Rincon Mountain District and establishment of additional seasonal maintenance workforce has significantly improved the cleanliness and appearance of all picnic areas and the Rincon Mountain District Visitor Center while relieving higher graded maintenance employees from janitorial duties. It has also allowed us to continue a seasonal (3 month) trail crew to begin work on lower elevation trails which are heavily impacted by increasing numbers of day hikers from the adjacent urban area and needed funding for supplies and materials.

Visitor Protection: Addition of a permanent ranger in the Rincon Mountain District and seasonal rangers in the Tucson Mountain District have substantially improved our capability to contract and assist visitors in the field, take action on resource violations

and increase our vigilance for and responsiveness to resource damage due to historic and ongoing visitor use and abuse.

The unmet lower priority needs at the Monument are as follows:

Increase clerical support--1.3 FTE--$20,600: Prior base increases have not been directed towards the significantly greater administrative support workload. The current situation results in the frequent use of field and professional personnel to perform clerical duties as well as delays in work activities due to administrative work backlogs.

Establish year-round wilderness maintenence program--5.3 FTE--$110,000: Adequate repair, replacement, removal and maintenance of a 180 mile trail system, wilderness campsites and both drift fences left from historic cattle grazing and necessary boundary fencing is a long-term undertaking well beyond current capabilities. The current situation results in continuing resource damage affecting visitor enjoyment. This request includes 0.5 FTE to develop and manage a volunteer adopt-a-trail program.

On-site Resource Management Specialist-Tucson Mountains--1.0 FTE --$29,600: Increasing visitation and development threats in and around the Tucson Mountains demand on-site professional resource management capability. Workload demands and complexities for the 20,736 acre district cannot be fully addressed by a single professional based in the Rincon Mountains. However, additional funding resulting from fee enhancement receipts may be used for this work.

Establish an external affairs program--1.0 FTE--$29,000: Success in integrating awareness of and sensitivity to the Monument by the surrounding metropolitan area now requires daily contact with country and city officials and organization as well as a wide variety of agencies at all levels of government. This workload has exceeded the capability of the Superintendent to individually maintain and delegate to subordinate staff without detracting from internal operating responsibilities. However, additional funding resulting from fee enhancement receipts could be used for this work.

Additional Maintenance Services-Tucson Mountains--0.5 FTE--$17,800: In light of continuing increases in visitation this assistance is needed to maintain clean, safe and attractive visitor facilities and free higher graded employees for more technical and appropriate maintenance duties that janitorial services.

Add Continuity to Interpretive Services--2.0 FTE--$43,000: This deficiency was recently identified by the professional interpretive planning team assembled to prepare Saguaro's Interim Interpretive Prospectus. At present, the minimum interpretive program is absolutely dependent upon assistance by volunteers.

1b. Question: If funding were no problem in FY 89, how much additional money could this park use in its ONPS budget to take care of these deficiencies?

Answer: Identified base funding for Saguaro National Monument totals $250,000, but the Service places its highest priority on meeting potential health and safety needs throughout the System.

EMPLOYEE HOUSING

As you know, I have expressed repeated concern about the condition of housing for our Park Service employees. The living quarters for park employees at the Grand Canyon is a national disgrace. Last year at your initiative, Director Mott, I was delighted to see that the Park Service had formulated a rather comprehensive proposal to initiate a 10-year program to rehabilitate existing houses, eliminate unsafe trailers, and start construction of new homes to replace facilities which are not habitable.

Mr. Director, first of all, I congratulate you for your work in this area. This is an expensive problem and because it is non-resource related, it has been given the lowest priority over the years.

1. Question: Can you briefly explain the National Park Service Housing Initiative contained in the February 1988 documents prepared by the Park Service?

Answer: The Employee Housing Initiative is based upon Housing Management Plans for each park area in the National Park System. Each park Housing Management Plan identifies the housing requirements and documents reasons why private housing is not available. The plan also identifies the existing condition of housing and includes requirements to upgrade housing, or provide new or replacement housing.

The study provides an analysis of existing maintenance costs as compared to the costs of providing new or rehabilitated housing. The program would require about $270 million over a period of 10 or more years.

2. Question: I see no mention of the Employee Housing Program in the Fiscal Year 1989 budget justification. Can you tell me what happened to the Park Service proposal?

Answer: The Service submitted a request for $20 million for fiscal year 1989 to begin the Housing Initiative. The $20 million would have allowed the Service to construct new and/or replacement housing in several park areas, to rehabilitate and repair different housing throughout the System, and to begin the necessary site planning and design of housing within park areas.

The Department concurred and forwarded that request to Office of Management and Budget. However, the Office of Management and Budget denied this request, and there is no money in the fiscal year 1989 budget for housing.

3. Question: I know that $270 million is a hefty amount of money to rectify a problem that does not affect the visiting public. However, we cannot continue to ignore this situation. It is a Federal responsibility.

If funding were no problem, what is the minimum amount of funding necessary in your view to get started on implementation of this program in fiscal year 1989?

How and where would you use that money?

Answer: We believe that the availability of park housing for employees does have an indirect effect on both visitor services and protection, and park resource management and protection. As stated earlier, we requested $20 million for fiscal year 1989.

We would use the funding for the following projects:

NATIONAL PARK SERVICE
TENTATIVE FISCAL 1989 HOUSING PROGRAM INITIATIVE
BY PROGRAM ELEMENTS

Fiscal Year 1989 Line Item Housing Construction Projects		(Dollars in Thousands)
Crater Lake National Park	Construct 4-Plex Apartment to replace 5 obsolete trailers and 5 cabins, Sleepy Hollow	$820
Yosemite National Park	Construct Employee Housing, Phase II E1 Portal (4 Medium Density Apartment Units for 54 employees)	6,470
Gates of the Arctic National Park and Preserve	Construct 2 Duplex Units for 2 permanent, 2 seasonal, and up to 4 temporary employees, Coldfoot	910
Subtotal	Housing Program Construction Component	8,200

Fiscal Year 1989 Lump-Sum Housing Repair and Rehabilitation

An itemization on the pages that follow will show $6.8 million in repair and rehabilitation projects for useable existing housing (some historic structures) which can be accomplished by park areas and Regional Offices without the need for extensive project pre-planning characteristic of line item construction related projects.

Subtotal	Fiscal Year 1989 Lump-Sum Housing Component	6,800

Fiscal Year 1989 Site Planning and Design

Includes an additional $5 million above previous target level for necessary site planning and design, including the development of design standards and specific park area programs based on unit inspection and decisions for each park unit.

Subtotal	Fiscal Year 1989 Housing Initiative Site Design Component	5,000
TOTAL	Fiscal Year 1989 Park Housing Initiative	20,000

NATIONAL PARK SERVICE
FISCAL YEAR 1989 HOUSING PROGRAM-REHABILITATION/REPAIR PROJECTS

ALASKA REGION		
Denali National Park and Preserve	Rehabilitate Historic Houses, Headquarters (12, 13, and 22)	280
Lake Clark National Park and Preserve	Rehabilitate Seasonal Housing Units, Port Alsworth (Portion)	125
MID-ATLANTIC REGION		
Allegheny Portage Railroad National Historic Site	Improve 2 Permanent Employee Houses	15
Fredericksburg and Spotsylvania National Military Park	Improve Seasonal Housing	110

George Washington Birthplace National Monument	Rehabilitate Seasonal Dorms	40
Valley Forge National Historical Park	Rehabilitate 5 Permanent Employee Houses	410
MIDWEST REGION		
Herbert Hoover National Historic Site	Rehabilitate E.F. Hayhurst Home - Permanent Employee Housing	149
Herbert Hoover National Historic Site	Rehabilitate L. Miles Home - Seasonal Housing	230
Sleeping Bear Dunes National Lakeshore	Rehabilitate Lakeshore Housing (N & S Manitou)	110
Voyageurs National Park	Improve Interiors, Seasonal Housing Units, Whispering Pines	103
NATIONAL CAPITAL REGION		
Chesapeake and Ohio Canal National Historical Park	Rehabilitate Lockhouse Housing (Numbers 6 and 10)	115
George Washington Memorial Parkway	Rehabilitate Employee House - Fort Hunt	36
NORTH ATLANTIC REGION		
Acadia National Park	Rehabilitate West Wing, Job Corps Dorms	397
Cape Cod National Seashore	Rehabilitate Salt Pond House, Eastham	131
Gateway National Recreation Area	Reroof 8 Dorms, Floyd Bennett, Sandy Hook, Breezy Point, and Staten Island	204

PACIFIC NORTHWEST REGION		
Mount Rainier National Park	Correct NEPA and Other Deficiencies, 12 Apartments, Ski Dorm, Paradise	300
North Cascades National Park	Rehabilitate Park Housing, Stehekin	440
ROCKY MOUNTAIN REGION		
Glacier National Park	Rehabilitate Seasonal Cabins, Dorms, and 40 Apartment Units, Polebridge, Many Glacier, and St. Mary	332
Glacier National Park	Rehabilitate Permanent Housing, Remodel MISSION 66 Houses, St. Mary and Headquarters Areas	220
Grand Teton National Park	Rehabilitate 57 Permanent Houses (Foundations, water, electrical and roofs)	350
Rocky Mountain National Park	Rehabilitate 1927 Historic Housing to Code Permanent Housing, Headquarters Area	140
Yellowstone National Park	Rehabilitate LCS Buildings (Electrical, Water, Roofs, Foundations, Paintings.)	335
SOUTHEAST REGION		
Virgin Islands National Park	Repair 23 Park Housing Units, Including a Water Supply System for all Houses, and Plumbing and Electrical System Repairs.	452
SOUTHWEST REGION		
Big Bend National Park	Replace 6 Roofs and Provide Termite Treatment, All Quarters	54
Big Bend National Park	Restucco 10 Employee Quarters	35

Carlsbad Caverns National Park	Replace Water Lines, Residential Area	45
Navajo National Monument	Replace Residential Area, Propane Line and Replace Exterior Siding	110
Regionwide	Rehabilitate Useable Structures in 18 Park Areas	136
WESTERN REGION		
Grand Canyon National Park	Rehabilitate Substandard Housing	645
Great Basin National Park	Rehabilitate Units, 1, 2, and 3 (Windows, Doors, and Exteriors)	50
Kalaupapa National Historical Park	Rehabilitate Buildings 706 and 707 (Electrical, Sewer, and Roofs)	105
Lake Mead National Recreation Area	Rehabilitate Las Vegas Wash Housing	60
Lake Mead National Recreation Area	Rehabilitate Cottonwood Cove Housing	60
Lassen Volcanic National Park	Rehabilitate 15 Seasonal Housing Units	73
Organ Pipe Cactus National Monument	Rehabilitate 10 Units (Roofs, HVAC,and Plumbing)	173
Pinnacles National Monument	Rehabilitate Units 1 and 2	50
Sequoia-Kings National Parks	Rehabilitate 20 Units (Wiring, Kitchens, Foundations, etc.)	180
	TOTAL	$6,800

4. Question: I know that approximately $5 million alone is necessary to correct the employee housing deficiencies at Grand Canyon. Can you identify a minimum funding level necessary to start housing activities at this park in FY 89?

Answer: Grand Canyon is one of the parks that we have identified with deplorable housing, and it is one of our highest priorities. Because Grand Canyon has a large number of obsolete trailers that are poorly located and other poor housing, one of the first steps that must be taken is the design of a housing plan that will complement the park and provide a livable housing community. As pointed out in the list that we have provided for expenditure of the $20 million in Fiscal Year 1989, some site design to assure adequate infrastructure locations and preferred housing locations would be done for Grand Canyon. In addition, there are rehabilitation repair projects identified for this park at a total cost of $645,000.

QUESTIONS SUBMITTED BY SENATOR QUENTIN N. BURDICK

KNIFE RIVER INDIAN VILLAGES NATIONAL HISTORIC SITE

1. Question: Next I would like to talk about the Knife River Indian Villages Historic Site. The 1988 continuing resolution included $140,000 to complete planning for a new visitor and administrative building at Knife River. What is the status of this project and will the $140,000 be adequate to complete?

Answer: Comprehensive design is underway and should be completed by early June. Archeological testing of the site has been finalized and mitigation of the development zone is scheduled for the summer of 1988. Museum and wayside exhibit planning is underway. Site surveys and a feasibility study of utility systems are complete. Preparation of construction drawings and specifications will begin in fiscal year 1988 with a target completion date of February 1989. Funds provided appear to be adequate to complete planning for this project.

2. Question: Assuming planning will be completed this summer, what level of funding would then be necessary to begin construction in FY 89?

Answer: Construction is now estimated at $2,240,000, but the Service places its highest priority on resolving potential health and safety problems.

3. Question: How long would it take to complete construction?

Answer: The construction would take approximately 1 year.

4. Question: What is the total cost of the facility envisioned?

Answer: The total cost of the envisioned facility is $2,240,000.

5. Question: Is the current authorization ceiling adequate to construct the facility?

Answer: Knife River has a remaining legislative development ceiling of $1,992,000. Therefore, the ceiling would have to be raised.

THEODORE ROOSEVELT NATIONAL PARK

6. Question: Finally, I would like to briefly discuss the North Unit of the Theodore Roosevelt National Park. I am told the Denver Regional office has been working with a group of area citizens who would like to see a new visitor center at the North Unit. I understand this group hired a local architect to draw up plans for a building and that the Park Service has now had a chance to review the drawings. Is that correct, and if so, what is the Park Service's reaction to their plans?

Answer: The Rocky Mountain Regional Office has been working with a group of area citizens (the Theodore Roosevelt Park Committee of the Watford City Chamber of Commerce) who have offered to draw up plans. Conceptual plans have been developed and the architectural firm is now proceeding with preliminary construction drawings which reflect the NPS requirements of function, space needs, and minimal impact to the national park. Design criteria have been resolved and the NPS is confident the group's architect will present acceptable drawings for approval. Substantial site and utility planning is also required.

7. Question: What is the approximate cost of such a facility and is this an undertaking the Park Service can support?

Answer: The current preliminary estimate is $163,000 for phase I which includes utilities and infrastructure and $783,000 for phase II construction of the visitor center including associated exhibits and site work. Construction of the visitor center would be undertaken in the fiscal year following construction of utilities and infrastructure. While this project is needed and supported by the National Park Service, its priority is lower than that of potential health and safety-related projects throughout the System.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

GREAT BASIN NATIONAL PARK

1. Question: Can you tell me what stage of planning and how far along in the planning process is the Great Basin National Park at this time?

Answer: The General Management Plan for Great Basin is currently in the stage of developing alternatives. This summer a brochure explaining these alternatives will be distributed to the public for their review and comment. The draft plan will be distributed to the public during the summer of 1989, and the final plan will be completed by the end of 1989.

2. Question: When can we expect to begin construction for the visitors center? Has a site been selected for the visitors center?

Answer: Construction normally cannot start until the previously stated alternatives are developed and a final recommendation is made in the General Management Plan. The General Management Plan will address the need for a visitor center. In the interim, plans are underway to rehabilitate the existing visitor center at headquarters. The remodeling work will begin in the fall of 1988 so as not to disrupt the summer visitors.

3. Question: I note that the Park Service is asking for $1.012 million (1 million, 12 thousand) dollars for FY 1989 for the Great Basin National Park. This is the same amount asked for last year. Do you feel this funding level will be adequate?

Answer: The amount budgeted for fiscal year 1989 is adequate to manage the park resources and provide visitor services.

LAKE MEAD RECREATION AREA

Las Vegas and surrounding areas in southern Nevada are experiencing tremendous population growth. As a result, Lake Mead has experienced the same type of increase in visitation; I believe about 41.5% between 1980 and 1986. This visitation increase has created numerous challenges for the future management of Lake Mead National Recreation Area. For example, new sewer lagoons are needed, as well as construction for permanent comfort stations and a new ranger station.

1. Question: Given that the Park Service budget allows for $5.6 million, the same request as FY 88, I am wondering if this will be enough money to meet the growing needs of our nation's oldest Recreation Area? Could you respond to that?

Answer: The 1989 operating base budget for Lake Mead National Recreation Area is $5,641,000 plus an estimated additional $502 million in enhancement funding derived from fee revenue. This amount is sufficient to meet the basic and highest priority needs in the park. The National Park Service is currently analyzing resource allocations to parks. Should the analysis reveal serious discrepancies in funding, several alternatives could be explored, including the reallocation of funds among park units. In addition, the fee program remains an attractive source of additional funding. The possibility of instituting an admission fee at Lake Mead has been discussed and the park staff is presently developing a proposal to address its feasibility. An admission fee would likely result in significant additional funding for the unit.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

NATCHEZ TRACE PARKWAY

OPENING STATEMENT

Thank you, Mr. Chairman. I join you in welcoming our friends from the National Park Service, this morning.

In Mississippi we are very proud to have the Natchez Trace Parkway as one of the crown jewels of the Park Service located

primarily in our State, although it does traverse the States of Alabama and Tennessee, as well. This year we will celebrate the 50th anniversary of the Parkway's authorization and designation as part of this nation's National Park system.

There are 449 miles of parkway and I am very glad to see that it is almost completed. I appreciate the orderly manner in which the Park Service has directed its attention to the Natchez Trace and I encourage you to work toward its early completion.

I also strongly support continuing the important work of the Historic Preservation Fund. The preservation of our National heritage is important to us and even more important to our children and grandchildren. I hope this Subcommittee can continue funding this program.

1. Question: Last year Congress appropriated $22.77 million for construction projects for the Natchez Trace Parkway. What is the current status of these projects?

Answer: The current status of the projects are:

Section 1A1 - 4.2 miles from Route 100 to north end of Route 96 bridge is scheduled to be advertised June 15 and awarded by August 1, 1988.

Section 1B6 - .4 mile from Pinewood Branch Road to Pewitt Hollow Road with 3 bridges is scheduled for advertisement July 1 and awarded by September of 1988.

Section 1A3 - 1.8 miles south end of Route 96 bridge to Waddell Hollow is scheduled to be advertised by July 15 and awarded by end of September 1988.

Resurfacing in Mississippi, 28 miles from old U. S. Highway 45 to Highway 32 is also scheduled for advertisement July 1 and awarded by end of September 1988.

2. Question: What sections of the Parkway will receive priority with the funds requested for fiscal year 1989?

Answer: Section 1A5 - 3.4 miles from near Stillhouse Hollow Road to Pewitt Hollow Road, with one bridge over Parker Branch Road. This section is scheduled for fiscal year 1990; however, if the $5.5 million of Federal Lands Highway Program funds is all the funds available in fiscal year 1989, this will be brought forward since the highest priority - the bridge over Highway 96 - is at a net cost of $11.5 million.

3a. Question: Upon completion ~~of~~ the construction now underway or to be undertaken this current fiscal year, what will be the next highest priority segment of the Parkway to which any **additional** funds will be directed?

Answer: Continue with Section 1A - .3 mile bridge over Route 96 (Sta. 255), 2.2 miles of new construction from Waddell

Hollow to Stillhouse Hollow Road. One bridge over Waddell Hollow and Leipers Fork Maintenance Area. Continue planning for Sections 3X and 3P in Mississippi.

3b. Question: What funds are needed to address this segment?

Answer: An amount of $27.4 million would be needed to address this segment, but the Service has a backlog of potential health and safety related road work and places its highest priority on resolving these needs.

4. Question: At the end of fiscal year 1988, what total funds will be needed to complete the Natchez Trace project and what is the estimated completion date? Does the Park Service have a plan for this completion?

Answer: We have a 5-year plan developed by the Federal Highway Administration, which, if funded by the Congress, will result in the final contract being let in fiscal year 1993, with completion by 1996. This plan is as follows:

FEDERAL HIGHWAY ADMINISTRATION
EASTERN DIRECT FEDERAL DIVISION
NATCHEZ TRACE PARKWAY, TENNESSEE, ALABAMA, AND MISSISSIPPI

Estimate for Completion of Mainline Parkway, including Grading, Drainage, Base Structures, and Surfacing

Fiscal Year	State	Section	Mileage	Project Planning Amount	Contract Amount	Contract Supervision Amount	Contingencies and Administration Amount	Total Program Amount
				(Dollars in Thousands)				
1989	Tenn.	1A	2.5	$ 500	$19,500	$2,900	$3,500	$26,400
	Miss.	3X	—	500	—	—	—	500
	Miss.	3P	—	500	—	—	—	500
Subtotal			2.5	1,500	19,500	2,900	3,500	27,400
1990	Tenn.	1A	4.0	—	10,200	1,500	1,700	13,400
	Miss.	3X	4.9	500	9,000	1,400	1,700	12,600
	Miss.	3P	—	1,000	—	—	—	1,000
Subtotal			8.9	1,500	19,200	2,900	3,400	27,000
1991	Tenn.	1A	—	—	2,000	300	400	2,700
	Miss.	3X	4.0	500	8,500	1,700	1,700	12,000
	Miss.	3P	3.4	500	4,000	600	800	5,900
Subtotal			7.4	1,000	14,500	2,200	2,900	20,600
1992	Miss.	3X	—	—	1,000	200	200	1,400
	Miss.	3P	5.3	500	7,500	1,200	1,400	10,600
Subtotal			5.3	500	8,500	1,400	1,600	12,000
1993	Miss.	3P	6.3	0	10,500	1,500	2,000	14,000
Subtotal			6.3	0	10,500	1,500	2,000	14,000
GRAND TOTALS			30.4	$4,500	$72,200	$10,900	$13,400	$101,000

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

LONG TRAIL, VERMONT

1. Question: The Conference Report to H.J. Res. 395, the Continuing Resolution for Fiscal Year 1988, includes (page 875) "$150,000 for Long Trail, Vermont" to develop a "general management plan." What action is the National Park Service presently taking to implement this provision of the Continuing Resolution?

Answer: The National Park Service has initiated work on a plan which will provide a detailed assessment of the Long Trail protection needs of the including the preparation of uniform, detailed base maps, land cost estimates, and an evaluation of the adequacy of the existing protection. The report will present the conclusions of the assessment and recommendations of alternative protection strategies. This report is scheduled to be completed by October 1, 1988.

The National Park Service will include the Green Mountain Club and a task force convened by the club and comprised of entities with interest in protection of the Long Trail. These include the Agency of Natural Resources, the Forest Service, a representative of the ski industry, and local government. The following tasks required for completion of the plan will be worked on concurrently:

1. Prepare uniform base maps for the section of the Long Trail north of the Green Mountain National Forest.

2. Obtain the latest property records for the northern section of the Trail and plot the full tract boundary for each parcel crossed by the Trail, potential relocations and side trails, and all holdings over 2 acres within 1/4 mile of the footpath.

3. Overlay topography, structures and other significant natural, cultural, scenic or recreation resources on the base map.

4. Review sections of the Long Trail that are on roads or are otherwise poorly located and identify alternative routes.

5. Review the six sections of Trail passing through ski areas and identify the critical resource values which need to be protected for hikers.

6. Review the adequacy of protection of the existing route by evaluating the permanence of protection on State, local, and private lands.

7. Develop a range of alternative protection strategies relying on different levels of Federal, State and private initiative.

8. Compare the alternatives developed based on cost, impact on local tax base, management versatility and other factors.

9. Summarize the advantages and disadvantages of each of the alternative protection strategies.

HISTORIC PRESERVATION FUND

2. Question: Are you aware of a recent survey of State Historic Preservation Officers, which indicates a need of at least $2.6 billion nationwide to fund specific preservation project costs?

Given this high level of tangible need, and the inability of private sources to adequately meet it, do you support the Administration's request for zero funding in Fiscal Year 1989 for the Historic Preservation Fund (HPF)?

Answer: The National Conference of State Historic Preservation Officers State needs assessment survey revealed development, acquisition, and survey and planning needs of $2.6 billion. Efforts to meet this need are being made in the private sector, as well as on the State and local government level. Funding for this purpose has not been requested in the fiscal year 1989 budget because such requests run counter to the Budget Summit Agreement to reduce the Federal deficit, because protecting resources of local significance should be a local responsibility, and because State and local governments are generally in better fiscal condition than the Federal Government.

3. Question: It is my understanding that HPF monies come not from general revenues, but from the proceeds from sales of off-shore oil leases by the Department of Interior? Is this correct? If this is the case, and a regular, renewable source of monies is available for the HPF, how can the FY 89 Budget request be justified?

Answer: You are correct. The money is derived from revenue payable to the United States under the Outer Continental Shelf Land Act and credited to miscellaneous receipts of the Treasury. Nonetheless, although the funds are derived from nontax sources, they are revenues, and must be appropriated, and are therefore counted against the overall budget request and expenditures of the Service and Department of Interior. If not used for grants, the money can be used to reduce the deficit.

SUBCOMMITTEE RECESS

Senator REID. The subcommittee stands in recess until 10 a.m., Wednesday, March 23, 1988, when it will review the 1989 budget request for the Minerals Management Service.

[Whereupon, at 10:50 a.m., Monday, March 21, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 23.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

WEDNESDAY, MARCH 23, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senators Burdick and Reid.

Also present: Senator Inouye.

DEPARTMENT OF THE INTERIOR

MINERALS MANAGEMENT SERVICE

STATEMENT OF WILLIAM D. BETTENBERG, DIRECTOR

ACCOMPANIED BY:

JOHN B. RIGG, ASSOCIATE DIRECTOR FOR OFFSHORE MINERALS MANAGEMENT
JERRY D. HILL, ASSOCIATE DIRECTOR FOR ROYALTY MANAGEMENT
ABRAHAM E. HASPEL, ASSISTANT DIRECTOR FOR PROGRAM REVIEW
MARGARET J. CARPENTER, BUDGET OFFICER
ROBERT J. LAMB, CHIEF, BUDGET OPERATIONS DIVISION B, OFFICE OF BUDGET, DEPARTMENT OF THE INTERIOR

BUDGET REQUEST

Senator REID. The Interior Subcommittee on Appropriations will come to order.

This is the time scheduled to review the fiscal year 1989 budget requests for the Minerals Management Service and Indian education.

Testifying on behalf of the Minerals Management Service this morning is the Director, William Bettenberg. The fiscal year 1989 budget request for the Service is $171,317,000, which is $2,600,000 above the 1988 appropriation to date.

I want to welcome you to the subcommittee this morning, Mr. Bettenberg. We have your complete statement and we will insert that in the record in its entirety.

86-675 - 88 - 21

We would like you this morning to introduce those people that you have with you, your associates, and we would like you to summarize your statement.

It's my understanding that Chairman Inouye is here today and he has some questions that he wants to ask. So if you would summarize your statement as quickly as you can, we will have Senator Inouye ask you some questions that he has.

INTRODUCTION OF ASSOCIATES

Mr. BETTENBERG. Surely. It's a pleasure to be here, Senator.

I've got with me today: Jack Rigg, who's the Associate Director for Offshore Leasing; Jerry Hill, who's the Associate Director for Royalty Management, on my right; Abe Haspel, the Assistant Director for Program Review on his right; Margaret Carpenter on my left is our budget officer; and Bob Lamb, who is from the departmental budget office.

PROGRAM HIGHLIGHTS

If I could just briefly cover some highlights of our program, then I'll be ready to respond to questions.

In virtually every hearing I go to, I like to start out by reminding people that we, in fact, conduct several programs which are extremely important from a national perspective. Fully, one-quarter of the Nation's supply of natural gas and one-eighth of its oil is produced from offshore leases that we in the Minerals Management Service are responsible for.

Senator REID. What are those figures, again?

Mr. BETTENBERG. It's one-quarter of the Nation's natural gas supply and one-eighth of its production of oil. Those are very substantial figures.

We do so through a very careful leasing program. We do so with minimal adverse environmental consequences, with substantial national security benefits and benefits to the economy of the country.

I would describe this current period as a point of robust leasing. We had a sale in the Beaufort Sea just last week with some 200 tracts bid on. We have one coming up next week in the central Gulf of Mexico, one in the Chukchi Sea in May, and, as I recall, in August, we have one in the western Gulf of Mexico.

Senator REID. Where's the Chukchi Sea?

Mr. BETTENBERG. The Chukchi Sea is a part of the Arctic Ocean, essentially the area between Barrow, AK, and Siberia.

We also have under preparation sales scheduled for a variety of other areas the next fiscal year, including the area in the eastern Gulf of Mexico, northern California, as well as central and western Gulf of Mexico again.

We have a number of consultative efforts going on with a variety of States involving the north Atlantic, areas surrounding Florida, the States of Washington and Oregon. We are working very closely with those representatives on oil and gas leasing.

We also conduct a program for leasing solid minerals. We had a sale last month for sulphur which was the first solid mineral sale of any type in 19 years on the Outer Continental Shelf, a very successful sale, we thought. It had 14 logical mining units bid on. It brought in high bids of more than $15 million to the Treasury.

We have on the schedule at this point a gold placer sale off of Alaska at the end of the calendar year. We're working through a task force arrangement with the State of Alaska and think that we have everybody on board for that effort.

From the royalty management standpoint, we continue to collect substantial revenues for the Federal Government. The Minerals Management Service collects revenues both for offshore leases, as well as onshore Federal and Indian leases.

We're continuing to make substantial progress at what I would consider a good clip.

Our basic accounting system was converted last August to a mainframe computer, which was a long effort. It's working superbly at this point. We're holding the input error rate to around 4 percent, which we consider to be below the design standard.

This year we issued our product value rules for oil and gas and have gotten some important issues behind us. We also, with Congress' help, completed action on the policies for something referred to as notice to leasees No. 5, covering the past period for natural gas product value.

We're in the process of completing software development for a production accounting system for the onshore part of our leasing operation. And we'll be bringing those leases on to a production accounting system over roughly the next year and a few months.

So I think that we've got very substantial progress to report to the committee in that regard.

PREPARED STATEMENT

With that, Mr. Chairman, we're available for any questions that you and the Senator have.

[The statement follows:]

STATEMENT OF WILLIAM D. BETTENBERG

I want to thank the Chairman and members of the Subcommittee for the opportunity to present testimony in support of the Minerals Management Service (MMS) budget proposal for 1989. The MMS has responsibility for two major programs, both of which provide significant revenues to the Treasury. These programs are the leasing and management of mineral resources on the Outer Continental Shelf (OCS), and the collection and disbursement of bonuses, rents, royalties, and other receipts from Federal and Indian oil, gas, coal and other mineral leases onshore, and from OCS leases.

The OCS leasing program accounts for roughly one-quarter of our nation's natural gas production and one-eighth of the oil production. The Royalty Management Program (RMP) will account for an estimated $5.3 billion in Federal receipts in 1989, including $4.4 billion from OCS bonuses, interest, rentals and royalties, and $0.9 billion from onshore mineral leasing.

The 1989 request for annual program operations funded in the Leasing and Royalty Management account is $171.3 million, an increase of $2.6 million over the 1988 enacted level of $168.7 million. Within the total 1989 request, a program increase of $4.4 million for onshore production accounting for onshore oil and gas leases, and an increase of $3.9 million for pay and administrative costs are partially offset by various program decreases totalling $3.1 million and a $2.6 million reduction which reflects the revised cost estimate for the Federal Employees Retirement System.

Program changes for OCS include reductions of $0.9 million for funds that were used to accelerate environmental studies in frontier areas in FY 1988, and $0.7 million reflecting reduced Federal costs for geologic and geophysical (G&G) data acquisition. For the Royalty Management Program, a total program increase of $4.4 million is requested to extend automated production reporting to all 24,000 producing onshore Federal and Indian oil and gas leases, allowing automated comparison of sales reports from royalty payors with production reports from lease operators. The implementation of this additional onshore production reporting is projected to increase revenues in 1990 by $11.1 million through detection of underreported royalties.

The 1989 estimate for payments to States from mineral leasing revenues is $439.1 million, an increase of $26.7 million over the 1988 estimate. The increase is due to a projected rise in: (1) oil, gas, and coal prices; (2) average coal royalty rates; and (3) oil and gas rentals. Consistent with last Fall's Budget Summit Agreement, the Administration does not propose deduction of the Federal Government's costs of managing and administering mineral leasing programs from the payments made to states.

Outer Continental Shelf Program Overview

The Administration continues to believe that oil and natural gas will play an important role in the mix of energy sources. We must continue to explore and develop new oil and gas resources on the Outer Continental Shelf in order to compensate for those fields leased in the past which are now ending their useful life. The OCS leasing program also becomes increasingly important as our dependence on imported oil continues to grow. We have proven over the past 1-1/2 decades that it is possible to lease in an environmentally sound manner, that is, with minimal environmental degradation.

5-Year OCS Oil and Gas Leasing Schedule. One of the biggest OCS accomplishments of the past year was the issuance of a new 5-Year OCS Plan. On July 2, 1987, Secretary Hodel issued the final 5-Year Plan covering the period from July 1987 through June 1992.

This approved schedule includes:

- a total of 38 sales (24 standard, 11 frontier exploration, 3 supplemental);

- subarea deferrals in 13 OCS planning areas;

- a refined process of focusing on promising acreage;

- employment of a form of "time-sharing" in certain military areas offshore;

- a feature for highlighting stipulations recommended for California sales; and

- policies to assure the receipt of fair market value.

Through the proceedings of a subcommittee of the OCS Advisory Board's Policy Committee, we are engaged in discussions with affected parties concerning ways to improve the process of developing the next 5-year OCS leasing program.

Recently Completed Offshore Sales. Ongoing leasing remains strong in the Gulf of Mexico. We conducted two very successful sales last year.

- Sale 110, Central Gulf of Mexico (4/22/87) resulted in total high bids of $263.0 million with 293 blocks and 1,539,626 acres leased.

- Sale 112, Western Gulf of Mexico (8/12/87) resulted in total high bids of approximately $234 million (increase from $56.8 million in 1986 for this area) with 347 blocks and 1,908,183 acres leased.

In addition, we just held a sulphur and salt sale on 2/24/88 which was the fourth Federal sulphur sale, the third salt sale, and the first combined sale ever held on the Federal OCS. Fourteen prospects were leased and the sum of the high bids for that sale exceeded $15 million. This was the first non-energy sale held in almost 20 years.

Upcoming Offshore Sales. We anticipate additional successful sales in fiscal years 88 and 89. FY 1988 sales consist of:

- Sale 97, Beaufort Sea was just held on March 16, 1988. Considerable consultation with the State of Alaska was held to clarify State concerns and DOI protection for environmental and subsistence resources. Similar consultation is occuring for Sale 109, Chukchi Sea, scheduled for May, 1988.

- Next week on March 30, Sale 113, Central Gulf of Mexico is scheduled to be held and Sale 115, Western Gulf of Mexico is scheduled for August, 1988.

We look forward to holding seven oil and gas sales and a mineral sale in FY 1989.

The oil and gas sales are:

- Sale 116, Eastern Gulf of Mexico, 11/88

- Sale 107, Navarin Basin, 1/89

- Sale 91, Northern California, 2/89

- Sale 96, North Atlantic, 2/89

- Sale 118, Central Gulf of Mexico, 3/89

- Sale 122, Western Gulf of Mexico, 8/89

- SUI, Supplemental Sale, 9/89

- A gold placer sale is tentatively scheduled near Nome, Alaska, for December 1988. This will be the first mineral sale other than salt and sulphur held on the Federal OCS in 27 years.

Conflict Resolution Efforts. As the Committee is aware, the Department has been exploring ways of resolving issues and reducing conflict in our programs for leasing and development in the OCS and has pursued leasing with different approaches in different areas.

- Six task forces have been established with ten coastal States to develop a minerals mining leasing program that will help provide a secure source of strategic and other minerals for the U.S. economy while ensuring environmental protection.

- We have drafted leasing and operations regulations for the OCS nonenergy minerals mining program and have recently held or have scheduled meetings with all interested parties -- States, industry, Congressional staff, other Federal agencies, and environmental groups.

- In October 1987, four Environmental Impact Statement (EIS) scoping meetings for Southern California Sale 95 were held in California. Last January, the California Regional Technical Working Group met and officials from the Pacific OCS Region held a coordination meeting with representatives from the California Secretary of Environmental Affairs Office. In February, MMS headquarters officials and Pacific Regional office personnel met with representatives from the State of California to discuss comments for the upcoming Sale 95 EIS and the lease sale schedule, including Northern California Sale 91. For Sale 91, hearings were held on February 1, 1988, in Eureka, California, and February 3-4, 1988, in Fort Bragg, California on the draft EIS.

- In January, Secretary Hodel conducted a fact-finding trip to South Florida. While there, he met with Governor Martinez to discuss leasing issues and observed the State's offshore environmental resources, including a first-hand look at living coral reefs in an underwater expedition offshore the Florida Keys.

- We are conducting a negotiated rulemaking for air quality regulations for OCS operations offshore California with the State, industry, local governments, environmental groups, and other Federal agencies.

- A two-phase process involving a study by the National Research Council (NRC) and policy talks with affected States and other parties based upon the NRC report has been proposed for the North Atlantic. The affected parties (including coastal States) attended a March 22 meeting on this effort.

- In October 1987, MMS initiated a series of meetings with high-level policy officials in the States of Washington and Oregon to facilitate the formation of a working group to resolve issues associated with offshore leasing. In February 1988, the Governors proposed the establishment of a Pacific Northwest OCS Task Force composed of representatives from the DOI, Oregon, Washington, two Indian Fisheries Commissions, and the public and private sectors. We are currently in the process of reviewing the proposal.

Environmental Studies

The purpose of the Environmental Studies Program is to establish information needed for assessment and management of environmental impacts on the human, marine and coastal environments of the OCS and the coastal areas which may be affected by oil and gas development. The content and timing of studies is keyed to various phases of the leasing program, with information needs progressing from general, descriptive studies to process-oriented impacts studies as the program moves towards production in a given area. At the lease-sale stage, the data gained from the studies program is only one source of informa-

tion which is integrated into the decision process. While specific references to individual studies may or may not occur in lease sale documents, the cumulative insight gained through our studies program plays an important role in our assessment of potential environmental concerns. Likewise, the information is made widely available to other agencies and the public for their use in evaluating our program.

Additional funding of $0.9 million was provided in the 1988 appropriations to accelerate studies in various frontier areas. Procurements for studies in these planning areas will be awarded in 1988 instead of 1989. All of the planned studies were reviewed by the affected States during the Regional Studies Plan review cycle, and additional coordination is planned.

Royalty Management Program Overview

As the Committee knows, the Department of the Interior has been collecting rentals, royalties, bonuses, and other receipts from Federal and Indian mineral leases since 1921. The MMS has been responsible for this function since its establishment in 1982. Since then, the Department has intensified the attention given to the processes of royalty accounting to insure that mineral lease revenues are collected, accounted for, and distributed properly.

I believe it is particularly important to share with the Committee highlights of our accomplishments over the past year, demonstrating our continuing commitment to improve the MMS's Royalty Management Program.

Product Value Regulations. I am pleased to report that after several years of effort, the final regulations for oil and gas product value were published in January 1988, with an effective date of March 1, 1988. Publication of the final regulations followed a series of meetings with States, Indians, industry, and congressional staff and the publication of two sets of draft final rules.

MMS intends to follow a similar process for the final development of new coal product value regulations. We will also evaluate the numerous comments that were received during an extended comment period, and plan to repropose the coal product value regulations in May 1988.

NTL-5 Regulations and Legislation. To address changes in market conditions, MMS proposed the retroactive modification of Notice to Lessees and Operators of Federal and Indian Onshore Oil and Gas Leases No. 5 (NTL-5). To accomplish this, Congress passed H.R. 3479, the "Notice to Lessees Numbered 5 Gas Royalty Act of 1987" (the Act). As mandated by the Act, the Department published a notice in the Federal Register on February 25, 1988, explaining provisions of the Act and providing a description of the procedures the Department will use to collect underpayments or issue refunds which result from royalty calculations under the Act. This notice was sent to each Federal and Indian oil and gas lessee or payor of record. Payor training sessions regarding the oil and gas product value regulations and implementation of the Act began on February 23, 1988, with roughly 1,000 industry personnel signed up for the training.

Indian Royalty Management. A number of activities in the past year contributed to improved royalty management services to Indian royalty recipients. The MMS audit strategy has been revised to provide improved audit coverage of royalty revenues, including those from Indian leases. In the past few years, approximately 1,800 Indian leases have been audited and over $15 million in additional Indian royalties and interest has been collected through FY 1987.

By May 1989 (provided funding is available) MMS is scheduled to complete computerization of onshore oil and gas production data, and will begin to distribute that data to the Bureau of Indian Affairs (BIA) and Indian tribes. Specific improvements to the MMS system which are underway and benefit Indians include providing accurate royalty rate and unit value data on the Explanation of Payment reports; disseminating unedited royalty data from the Auditing and Financial System (AFS) as requested by a number of Tribes; and improving the accounting for negative royalty amounts. Through the State and Tribal

Support System, MMS provides on-line computer access to detailed data from the AFS to ten tribes and 14 BIA offices.

Conversion of AFS. The conversion of AFS software to operate on a new IBM mainframe computer was successfully completed and the AFS began operating on the mainframe on September 1, 1987. Although a number of technical problems were reported during the software testing process, all were resolved and operation of the AFS on the IBM has proven stable and capable of meeting current MMS processing requirements.

Systems Improvements Planning. A comprehensive study, begun in November 1986, resulted in the identification of numerous proposals that should improve MMS's royalty accounting systems. Currently, each proposal is being evaluated for its efficacy and cost efficiency. The proposed improvements should provide benefits to all of our external clientele by significantly reducing the number of royalty information lines reported; providing improved production and royalty data to the States and tribes; accelerating payments to recipients; and increasing the effectiveness of the royalty collection activity.

The RMP staff conducted an extensive outreach program to involve States, Indians, industry, congressional staff, and other Departmental agencies in developing these initiatives. In September 1987, the Secretary's Royalty Management Advisory Committee endorsed most of the recommended improvements and added several others. Phase II of the study, now underway, includes implementation of several short-term improvements, plus detailed systems analysis, design, development and testing of all approved long-term system improvements.

Onshore Production Accounting. The MMS is in the process of becoming the agency responsible for collecting production data for all onshore oil and gas leases. As a result of this decision, an implementation plan was developed for software development, database verification, operator training, and determination of State and Indian report requirements. This effort will affect about 1,800 oil and gas operators who submit over 20,000 monthly production reports on about 8,000 leases and 9,500 agreements associated with over 80,000 individual wells. Because of the large scale of onshore oil and gas operations, automation of the production data will occur in phases with the current schedule calling for conversion to be completed in May 1989.

Status of the Management Action Plan. The Management Action Plan (MAP) for the Royalty Management Program, issued by the Secretary in April 1985, contained 42 action elements designed to improve overall RMP performance. Work on almost three-fourths of the MAP action elements has been completed and most of the remaining actions are ongoing or long-term projects. Specifically, a total of 26 action elements have been completed, 5 elements have been set aside after further study, 1 is on hold, and the remaining 10 elements are substantially underway.

Audit Program. The MMS continues to conduct an aggressive and comprehensive audit program to ensure compliance with royalty collection regulations. From inception of the royalty audit program through the end of FY 1987, audit activities have resulted in additional collections of over $310 million and refund denials of over $93 million. Our audit strategy provides audit coverage for about 95 percent of Federal and Indian mineral revenues through company audits of the major royalty payors on a 6-year cycle. In the case of Indians, the strategy is supplemented by about 25 staff years reserved for responding to lease specific audit requests, audits of non-standard leases and litigation support.

Error Rate. An overall royalty information input reporting error rate of 5 percent or less has been achieved and maintained in the AFS since August 1986. This is largely attributed to ongoing payor training efforts and the implementation of streamlined error correction procedures in the reference function. A significant benefit of maintaining a low error rate is the reduction in the amount of interest that must be paid to the States and Indians because of delayed disbursements by MMS.

Exception Processing. In order to assist in royalty payment compliance, the AFS generates late payment, nonrespondent, and underpayment "billable exceptions" by comparing what a payor reports and pays to what the system expects the payor to report and pay. In addition, the Production Accounting and Auditing System (PAAS), using data provided on production reports, identifies the amount of production that should be reported to AFS as sold. The two systems are designed to allow for regular comparisons to identify instances of underreporting, overreporting, and nonreporting. Exception processing in both the AFS and the PAAS began operation in FY 1985. The billable exception processing system in AFS provided nearly $7 million in interest and late payment assessments in its first year of operation. As of December 1987, $27 million has been collected from AFS exception processing. The PAAS exception processing started in April 1985 and by the end of January 1987, had resulted in $19 million in additional royalties.

As the Committee is well aware, the Congress has shown keen interest in the activities of the Royalty Management Program through numerous site visits, oversight hearings, and investigations. Additionally, the General Accounting Office (GAO), the Department's Office of Inspector General (OIG), and other external audit groups and observers have also conducted oversight of RMP and made numerous positive recommendations concerning the Program. In response, we have either implemented or moved to implement most of the recommendations made by these groups. This is readily apparent from the fact that, although the GAO and OIG continue to audit the Program, their findings and recommendations address mostly smaller operational issues, rather than the larger programmatic issues highlighted in previous years. In April 1987, the GAO testified before a House Subcommittee that the Department has made "noteworthy progress" in resolving past problems. Further, Senator William Proxmire (one of Congress' most ardent opponents of governmental mismanagement) praised our efforts late last year, stating that the Interior Department "deserves a pat on the back for beginning to do a difficult job well." Such comments about the Royalty Management Program were unheard of a few years ago.

That is not to say that MMS has not come under fire from the media and other critics. You are undoubtedly familiar with the Arizona Republic series of articles which severely criticized the Department's management of Indian affairs, and included commentary on minerals and royalty management issues. As a consequence, the Select Committee on Indian Affairs began an investigation inquiring into the Department's fulfillment of its trust responsibilities to Indians, including the royalty management mission. I believe, however, that MMS should receive more than a passing grade from this investigation and I would like to submit for the record at this time my detailed response to the Arizona Republic as well as a similar response to a series of articles which appeared in the Tulsa Tribune.

Mr. Chairman, this completes my prepared statement. I would be pleased to answer any questions you or the Subcommittee members may have.

MINERALS MANAGEMENT SERVICE
FY 1989 BUDGET REQUEST
(In thousands of dollars)

	FY 1988 Enacted	FY 1989 Base	FY 1989 Estimate	Inc.(+) Dec.(-) from 88	Inc.(+) Dec.(-) from Base
LEASING & ROYALTY MGMT					
OCS LANDS					
Leasing & Environmental	40,070	39,974	39,074	-996	-900
Resource Evaluation	23,688	23,722	23,022	-666	-700
Regulatory	29,422	29,200	29,200	-222	0
Subtotal	93,180	92,896	91,296	-1,884	-1,600
ROYALTY MANAGEMENT					
Collections	15,829	15,681	17,738	+1,909	+2,057
Compliance	14,912	14,701	14,701	-211	0
Systems	19,199	19,178	20,166	+967	+988
Subtotal	49,940	49,560	52,605	+2,665	+3,045
GENERAL ADMIN					
Executive Direction	3,517	3,550	3,550	+33	0
Admin Operations	10,086	10,044	10,044	-42	0
Gen Support Services	11,994	13,990	13,822	+1,828	-168
Subtotal	25,597	27,584	27,416	+1,819	-168
TOTAL	168,717	170,040	171,317	+2,600	+1,277
PAYMENTS TO STATES					
Payments to States	412,458	412,458	438,522	+26,064	+26,064
Misc Payments	0	0	600	+600	+600
TOTAL	412,458	412,458	439,122	+26,664	+26,664

HIGHLIGHTS

o LEASING AND ENVIRONMENTAL ASSESSMENT

In FY 1989, MMS plans to hold 7 oil and gas lease sales; one in Alaska (107 Navarin Basin); 1 in California (91 Northern,); 1 in Atlantic (96 North); & 4 in the Gulf of Mexico (116 Eastern, 118 Central, 122 Western, & SUI Supplemental).

The budget includes $250,000 to continue the Alaska Boundary Project, subject to matching funds from the State of Alaska.

o ENVIRONMENTAL STUDIES

The request for environmental studies is $21,865,000. This continues the FY 1988 level of studies after deducting one-time funding of $900,000 appropriated specifically to accelerate studies in various frontier areas in FY 1988.

o RESOURCE EVALUATION

The $700,000 decrease represents the final year of the phase out of reimbursements to industry for the costs of processing geologic and geophysical data requested by MMS.

The budget includes $1,800,000 for OCS minerals mining and identifies three potential new initiatives for FY 1989: (1) a New York-New Jersey task force to address development of sand and gravel resources in the New York Bight area; a Virginia task force to address titanium-bearing placer deposits near the mouth of the Chesapeake Bay; and an Alaska task force to examine development of the gold placer deposits occurring in the Norton Basin.

o MINERAL REVENUE COLLECTIONS

An increase of $2,366,000 is requested in this subactivity to extend automated production reporting, which allows automated comparison of

sales reports from royalty payors with production reports from lease operators, to all 24,000 onshore Federal and Indian oil and gas leases. The total increase requested for this initiative is $4,406,000 (includes +$1,995,000 in Systems Development & Operation & +$45,000 in the General Administration budget activity). The total FY 1989 funding level is $4,606,000 ($200,000 is in the base). A phased conversion is planned to be accomplished by mid-FY 1989. Similar reporting on Outer Continental Shelf leases has resulted in $18.6 million in increased collections in 2.5 years. The implementation of this additional onshore production reporting is expected to increase revenues in 1990 by $11.1 million.

A reduction of $306,000 in the contract for exception processing reflects the completion in FY 1989 of retroactive exception processing for prior period backlogs dating from October 1983.

o MINERAL REVENUE COMPLIANCE

The budget includes $2,500,000 for cooperative and delegated audits.

The FY 1989 request for the audit program totals $11.6 million which will fund 175 auditors plus support staff.

o SYSTEMS DEVELOPMENT AND OPERATION

Decreases totalling $1,007,000 are offered for: (1) one-time telecommunications equipment purchases, $175,000; (2) computer operations and maintenance (O&M), $607,000; & (3) mainframe leasing costs, $225,000.

An increase of $1,995,000 is requested for computer operations and software improvements for the onshore production accounting system.

o GENERAL ADMINISTRATION

Headquarters consolidation initiated in FY 1988 will be completed. A decrease of $213,000 reflects a nonrecurring need for funds expended on telecommunications expenses associated with the consolidation.

An increase of $45,000 is requested for FTS costs associated with onshore production accounting.

o PAYMENTS TO STATES

The projected increase of $26,064,000 in the Payments to States from Receipts under Mineral Leasing Act budget activity reflects rising oil, gas, and coal prices; re-adjustment of 31 coal leases to % of sales royalty calculation; and full year oil and gas rental receipts under the competitive onshore leasing program.

The $600,000 increase in miscellaneous payments is for interest on late payments ($250,000), interest on refunds ($150,000), and rewards ($200,000).

o BASE ADJUSTMENTS

The major components of a total base adjustment of $1,323,000 for fixed costs are:

- o +$1,995,000 for the full-year cost of the FY 1988 pay raise and for the effect of the FY 1987 executive and Washington-area clerical pay raises;
- o -$2,568,000 for the revised costs of the Federal Employees Retirement System, reflecting changes in actuarial, switch rates, and thrift plan assumptions used to calculate agency contributions for FERS.
- o +$1,996,000 for adjustments in administrative costs such as rental payments and telecommunications.

LETTER FROM WILLIAM D. BETTENBERG

DEC 14 1987

Mr. Alan Moyer
Managing Editor
The Arizona Republic
120 East Van Buren
Phoenix, Arizona 85004

Dear Mr. Moyer:

In early October 1987, your newspaper published a series of articles entitled "Fraud in Indian Country: A Billion-Dollar Betrayal." Several times the series addressed the collection and disbursement of mineral royalties owed to Indians and specifically discussed actions allegedly taken or neglected by the Minerals Management Service (MMS). Prior to publication, MMS provided your reporters many documents and records, and I myself spent hours with them explaining the program. I am disappointed to see that, for the most part, they chose to ignore the facts and instead deliver to your readers a false and misleading story.

In recent years we have seen several other reports in the press about alleged mismanagement of federal and Indian lease revenues, most of them based on the same unsupportable "data" and relying on the same ill-informed sources. We have responsibly refuted these reports and the sources cited by them, the most outstanding examples being an article in the April 1987 issue of Washington Monthly magazine and a seriously flawed Congressional report upon which the article was based. Both of these documents and our detailed responses to each were among the records made available to the Arizona Republic.

The overriding and explicit charge made by the Republic's series against MMS is that the royalty management program is "badly managed" and "poorly run." In fact, the program has been greatly improved since 1982, when MMS was created expressly to take over federal and Indian mineral revenue management. While there have been many studies critical of past mismanagement and MMS's failure to resolve decades of problems overnight, those criticisms simply are no longer valid. The General Accounting Office (GAO), a close observer and often a severe critic of royalty management, testified before Congress in April 1987 that "in fairness to the Department there has been noteworthy progress made." In the September 29, 1987, Congressional Record, Senator William Proxmire stated about royalty management and its past problems that ". . . the Department is no longer at fault. Instead of a lashing, they deserve a pat on the back for beginning to do a difficult job well." He also said, "Given the complexities of the [the] system, the Department is doing a reasonably good job. A little more time to continue their improvements and they may soon be doing an outstanding one."

The Republic's series repeatedly alluded to a $5.8 billion loss of revenues. That figure comes from a 1986 report released by the House Appropriations Subcommittee on Interior and Related Agencies. No similar finding has ever been reported or alleged by GAO, the Department's Office of Inspector General, or any other authority, contrary to what your newspaper stated.

More important is the fact that the $5.8 billion figure is simply not credible, though it has attained near-folklore status among royalty management critics. MMS responded to the subcommittee's report within days of its release and soundly refuted most of the report's conclusions, chief among them an unsupportable 21-percent underpayment "projection," which is the basis of the billion-dollar-a-year loss estimate. As Senator Proxmire said, "The only thing wrong with this number is that it is based on analysis so faulty that a freshman statistics student would receive a big, fat 'F' if he handed it in." Your reporters received a copy of our response, and they were told that no one has challenged a word of our rebuttal -- not in a report, not in a hearing, not in a memo, not in any way. My interview

with them, in fact, began and ended on the subject of the $5.8 billion figure. I spent a significant amount of time reviewing with them the flaws in the subcommittee's analysis of underpayments and was stunned to be told at the end of the interview that, while your reporters understood that the analysis was grossly in error, they saw no reason to doubt the conclusion. I am not at all surprised, therefore, that the $5.8 billion myth was resurrected in your newspaper.

Another repeatedly articulated charge in the Republic's series was that MMS sides with industry in matters of royalty management. You state there is concern about our "cozy relationship" with companies MMS is supposed to regulate, and quote Rep. Sidney Yates stating that I have "taken sides with the oil and gas companies," and have said so. The allegation, like so many others in your series, is simply false and the evidence presented is distorted.

The quote attributed to Mr. Yates appears to be an out-of-context remark made in an exchange between Mr. Yates and me at a 1987 appropriations hearing. The subject of our discourse was a particular regulatory proposal made by MMS and, in that particular instance, favored by industry. I stated in response to Mr. Yates that MMS's position and that of industry were essentially the same. I did not mean, and I don't believe that Mr. Yates construed from my remarks, that I or MMS routinely sides with industry. In fact, MMS's position on the regulatory proposal to not use Federal Energy Regulatory Commission ceilings as the minimum for gas valuation purposes has been endorsed by six Western governors and by many in Congress. In November 1987, the U.S. House of Representatives passed legislation supported by Mr. Yates (H.R. 3479) to implement this position. Similar legislation has been approved by the Senate Energy and Natural Resources Committee.

It is surprising that anyone would characterize our relationship with industry as cozy, given that MMS has collected, through its auditing of companies between October 1981 and August 1987, $307 million in additional royalties and late payment charges, and has denied $80 million in refund requests. MMS's demands for payments on 1,900 leases have resulted in administrative appeals and judicial litigation by companies. Currently, royalty-related cases brought by companies against MMS include 350 appeals pending before MMS; 137 appeals pending before the Interior Board of Land Appeals; and 59 cases in court.

I have tried to be selective in the points I would most particularly want to clarify for your readers. Enclosed is a more detailed, point-by-point response to the many errors in your series. You are, of course, welcome to share it with your readers as well, and I encourage you to do so. I hope the information contained here and in the more detailed package will be helpful to you and your staff, should the Republic report further on the MMS royalty management program.

Sincerely,

(SGD) WM. D. BETTENBERG

Director

RESPONSE TO THE ARIZONA REPUBLIC ARTICLES OF OCTOBER 4, 1987

Management of the Oil and Gas Program

Assertions:

"The federal oil and gas program . . . is so badly managed that it has shortchanged many Indians who have leased lands to oil companies . . . "

"Reports document fraud, waste and mismanagement at every stage of the leasing, royalty-collection and disbursing procedure."

"Indian programs run by other federal agencies . . .the Minerals Management Service . . . also are poorly run or in trouble."

Response:

The Department of the Interior (Department) has acknowledged since 1980 that insufficient attention had been paid to the collection of mineral revenues during the 1970's. As world oil prices increased, so did oil, gas, and coal royalty revenues from Federal and Indian leases. By 1981, total royalties exceeded $4 billion, most of which was being remitted through various field offices of the U.S. Geological Survey (USGS) and accounted for in a 20-year-old accounting system. Over the past 6 to 8 years, however, the Department has taken a number of major actions to correct this situation and to improve the "royalty management program."

In 1979, work began to replace the old accounting system. In 1981, Secretary Watt chartered a high-level advisory committee to hear from outside experts what was wrong with the program and how it should be corrected. In 1982, the Department proposed legislation to provide or clarify the authorities needed to enforce royalty provisions, and to improve disbursements and reporting to States and Indians. Congress passed a modified version of that proposal, and the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) was enacted in January 1983. Also in 1982 and 1983, mineral royalty management functions from USGS and the Bureau of Land Management (BLM) were consolidated in the new Minerals Management Service (MMS). In 1983, a new royalty accounting system became operational. In 1985, Secretary Hodel reviewed the work that had been done and the problems which remained to be solved, and issued a Management Action Plan for Royalty Management which laid out plans and time tables to deal with the further concerns of recipients, external review groups, and others.

Simultaneous with these initiatives, MMS was working diligently in less visible areas to improve royalty management. Accomplishments include implementing a major audit program, including cooperative audits with States and tribes; training payors to report and pay timely and accurately to the new accounting systems; developing better reports for royalty recipients; writing regulations to implement the legislation and improve compliance; and contracting to improve computer support. In addition, several specific actions were taken to improve services to Indians. They include:

- Creation of the MMS Office of External Affairs to provide outreach to Indians.

- Creation of the Office of State and Tribal Program Support within the MMS Royalty Compliance Division to provide guidance and assistance to Indian tribes with cooperative and delegated audit agreements.

- Approval of a Memorandum of Understanding between MMS and the Bureau of Indian Affairs (BIA) to define the responsibilities of each agency and to establish a BIA/MMS Joint Steering Committee which meets quarterly to resolve problems and issues affecting Indian royalty management.

- Development and implementation of an Indian Lease Audit Strategy to expedite audit requests, provide information to Indian allottees on the status of audits, maximize audit resources, and identify future audit targets.

- Design and implementation of the State and Tribal Support System (STATSS) to provide Indian tribes and BIA offices with access to data contained in the MMS Auditing and Financial System (AFS) data bases.

The result of these efforts is that while we have not solved all our problems, the management of royalty revenues is greatly improved. The General Accounting Office (GAO) and the Department's Office of Inspector General (OIG) are both auditing the MMS Royalty Management Program (RMP) on a continual basis, but their reports now concern mostly smaller-focus operational issues, rather than the program-wide failures that were documented in previous years. In fact, during a hearing in April 1987, a GAO Associate Director testified that, "I think in fairness to the Department that there has been noteworthy progress made." In addition, in the September 29, 1987, Congressional Record, Senator Proxmire concluded about royalty management that " . . . the Department was no longer at fault. Instead of a lashing, they deserve a pat on the back for beginning to do a difficult job well." Senator Proxmire also asserted that, "Given the complexities of [the] system, the Department is doing a reasonably good job. A little more time to continue their improvements and they may soon be doing an outstanding one."

MMS Honor System Provides No Accountability

Assertions:

"The program is 'a system that totally relies on the good faith and trust of the (oil) producers' and whose potential for fraud is 'phenomenal,' according to Steven Moore, a Denver-based attorney who works with Indian issues."

"The BIA and the minerals agency have allowed oil companies to pump billions of dollars worth of oil from Indian lands with little of no accountability by letting companies operate on an 'honor system.'"

"'Our concern with the system is that as it is designed, it has no way to ensure the accuracy of payments,' Moore said.
"'It is a system that totally relies on the good faith and trust of the producers.
"'Indians have about run out of belief in this good faith and trust. The potential for fraud in this system is phenomenal.'"

Response:

The MMS RMP is operated similarly to income tax reporting under the Internal Revenue Service. Those who owe royalties are expected to report and pay the correct amount due to the Federal Government. But just as with the Internal Revenue Service, MMS's collection and verification efforts do not stop at that point.

Because we anticipated that there would be discrepancies and delays in payment and reporting, we have implemented several approaches to detecting and verifying that full payment has been accurately identified and made. These approaches include:

- Audits. Payments made to MMS are subject to audit. The MMS royalty audit program is implemented by the Royalty Compliance Division (RCD) and by State and Indian tribal auditors working with MMS under delegated agreements and cooperative agreements. The RCD audit resources are available from 13 resident audit teams and 19 mobile teams. Audit collections and refund denials total more than $387 million from program inception in October 1981 through August 1987.

- AFS Exception Processing. A function of the AFS, MMS's computerized royalty accounting system, is to detect late payments and certain types of underpayment. Exception processing is the identification of conditions that result in billing actions. The AFS generates billable exceptions by comparing what a payor reports and pays to what the system expects the payor to report and pay. Exception processing has been operational since February 1985 and has brought in additional collections of almost $20 million through August 1987.

- PAAS/AFS Comparison. The Production Accounting and Auditing System (PAAS) is an integrated system of manual procedures and automated processes for minerals production reporting, accounting, and auditing. The PAAS is designed as an extension of AFS which collects and accounts for royalties owed and paid for production from Federal and Indian leases. Based on data provided on production reports, PAAS identifies the amount of production that should be reported to AFS as sold. Sales volumes reported to AFS should match those reported to PAAS. The two systems were designed so that data would be compared regularly to identify instances of underreporting, overreporting, and nonreporting. Such comparisons have resulted in the collection of approximately $14.8 million in additional royalties from April 1985 through August 1986.

  Presently, PAAS is operational for offshore, solid minerals, and a limited number of onshore Federal and Indian oil and gas leases. On June 18, 1987, the Assistant Secretary - Land and Minerals Management directed that MMS become the agency responsible for the receipt, entry, edit/error correction, and distribution of onshore production data. As a result of this decision, an implementation plan was developed which includes software development, database verification, contractor hiring and training, operator training, and the determination of State and Indian report requirements. Because of the large scale of onshore oil and gas operations, automation of production data will occur in a phased manner with timing dependent on availability of funding and other considerations.

In addition to these efforts, MMS has a comprehensive enforcement and penalty strategy to encourage prompt and accurate royalty reporting and payment. The tools used to carry out this strategy include (1) interest charges, (2) erroneous, late, and nonreporting assessments, and (3) civil penalties.

Royalty Undercollections

Assertions:

"A 1986 congressional study found that the federal government since 1979 has allowed oil companies to pump millions of barrels of oil from federal and Indian lands through an 'honor system' that cost U.S. taxpayers and Indians an estimated $5.8 billion."

"The losses to Indians and American taxpayers are staggering. The windfall to oil companies has been placed at more than $1 billion a year in studies by the Interior Department's inspector general, the General Accounting Office and congressional panels."

"The federal studies and congressional testimony reveal the Minerals Management Service is recovering less than 8 percent of all royalty underpayments for oil and gas on Indian and federal lands.

"The minerals agency, in the past four years, has reported recovering $360 million in underpayments from oil companies. In a recent interview, Bettenberg said this was the only accurate figure regarding the amount lost through underpayments for oil and gas taken from federal and Indian lands.

"But congressional investigators in a 1986 report estimated that federal agencies since 1979 had failed to collect $5.8 billion.

"Numerous federal audits, investigations and congressional hearings have established that the two agencies are allowing oil producers to literally

steal hundreds of millions or even billions of dollars of oil and gas from federal and Indian lands."

"The BIA and other Interior Department agencies have shirked their mandate by failing to protect Indian interests in oil and gas production.

"An estimated $5.8 billion has not been collected since 1979 from companies that pumped oil and gas from Indian and federal lands, thus robbing the Indians and the government of possible billions in potential royalties."

Response:

These assertions refer to a statement contained in a report released in September 1986 by the House Appropriations Subcommittee on Interior and Related Agencies. No similar statement has ever been made by the OIG, the GAO, or any other authoritative group.

The Subcommittee's report projects (but does not "claim" or "find") aggregate undercollections of 21 percent based upon audit findings which yielded additional billings totaling 21 percent. The MMS warned both the authors and readers of the Subcommittee's report that these audit statistics could not be projected to the universe of leases and payments for the following reasons:

- The MMS audit sample was limited to leases on which there were underpayments. Leases on which royalties were properly paid or overpaid were not included.

- The MMS auditors concentrate on leases, time periods, and circumstances where underpayments are most likely to occur. Results from those audits cannot be extrapolated to the universe of leases and payments.

- Many of the audit findings were based on MMS interpretations of complex issues, which the payor is appealing or litigating, and which may ultimately be decided in favor of the payor.

- Perhaps of greatest importance, the audits covered periods back as far as 1978, well before the improvements in royalty collection and compliance of the past few years.

For similar reasons, Senator Proxmire has stated in the Congressional Record that, "The only thing wrong with this number is that it is based on analysis so faulty that a freshman statistics student would receive a big, fat 'F' if he handed it in."

It may help to explain that there is a difference between:

underpayments - the difference between the amount initially paid and the amount owed, and

undercollections - the difference between the amount finally collected after MMS audits and the amount owed.

As thus defined, undercollections are a true loss of income; but underpayments may only reflect a delay in income--for which we are compensated by interest assessments.

We have never denied that initial underpayments exist. Just as with the Internal Revenue Service, it is not possible to collect all revenues "up front" when initial payments are based on voluntary compliance. Although we expect lessees to comply in good faith with applicable laws, regulations, and lease terms, we have differences of opinion as to what compliance requires.

These differences will not all be resolved until administrative and legal appeal are exhausted--a process that will take years. However, many will be resolved more directly in our proposed product value regulations and in litigation that may ensue on those regulations.

We believe the safeguards are in place to ensure that ultimate under-collections are minimized. That is why we have created a 200-person audit

staff over the last 5 years to regularly audit payors and why we routinely check to see that payments are made on time and for all producing leases.

Royalty Undercollections - Comment by Congressman Yates

Assertions:

". . . Rep. Sidney Yates . . . sticks by his staff's 1986 study saying the losses since 1979 are in the billions. That report, he said, is based on staff research and General Accounting Office findings."

"Yates said in a recent interview that neither Bettenberg nor other government officials have provided evidence refuting those figures."

Response:

We are surprised at such a statement. On October 1, 1986, Secretary Hodel signed a letter to Congressman Yates forwarding the Department's detailed response to the staff report. Attachments to that letter pointed out that the estimate of underpayments was "unsupportable" and "grossly inflated." The warnings about using Federal audit data to make statements about the lease universe were repeated. It was also pointed out that three of the four States whose data had been used in the staff report had been contacted and that all three "claimed no ownership of the information used in the report." Other reviewers have agreed with MMS personnel that the staff report's estimate was unsupportable. To the best of our knowledge, not a single sentence of our 80-page response has been refuted by anyone in the past year. We stand by our response.

From time to time MMS has been asked to estimate the percent of initial underpayments. The MMS has not made such an estimate because it would require audits of a very broad-based sample of leases, including those overpaid or properly paid. The MMS believes its available audit time is better spent on areas likely to reveal undercollections. We understand that both the OIG and GAO have provided similar advice to Congressman Yates. In fact, in a hearing before the House Subcommittee on Mining and Natural Resources, the GAO witness stated, "We have talked to everybody that we can think of - industry, states, the Indian organizations, the Federal side - in terms of how does one get at what the potential underpayment is out there, what is the order of magnitude. Quite frankly, we have not been able to identify a viable way to do this."

Royalty Undercollections - Comment by MMS Director Bettenberg

Assertions:

"At a recent budget hearing, Interior Department officials bristled at congressional allegations that companies may be illegally taking $1 billion worth of oil from federal and Indians lands each year.

"The figure, according to William C. [sic] Bettenberg, director of the Minerals Management Service, was only in the hundreds of millions.

". . . industry experts place underpayments at about 3 percent of the total royalties due to Indians.

"That still would put the losses in the tens of millions each year."

Response:

This is apparently a reference to an exchange between Mr. Bettenberg and Congressman Yates during a September 1986 hearing on royalty management issues.

"Mr. Yates. So you know that there is a big amount that is uncollected, a huge amount that is uncollected. In the hundreds of millions.

"Mr. Bettenberg. Some place, certainly, in the hundreds of millions since we have collected $320 million. . . ."

That is, to go back to our earlier response, our audit results verify that "initial underpayments" have amounted to "hundreds of millions," primarily because of differences in positions regarding product valuation. (We hope to narrow these differences in positions through the publication of improved product value regulations.) However, this is not to imply that we believe that hundreds of millions of current royalties due will ultimately go uncollected.

Estimated Payments

Assertions:

"That admittedly flawed honor system allows oil firms to pay the government based on estimated production, because federal agencies have no way to accurately monitor the oil production."

"The royalty payments, based on "estimated production," are made to the minerals service . . . "

"The agency quickly found it could not comply with the 1981 Federal Oil and Gas Royalty Management Act. Instead of requiring companies to pay as they produced, the minerals service instructed them to "estimate" payments for oil and gas production on federal and Indian lands.

"This estimate is necessary because the BIA and the minerals agency have no accurate way of measuring oil and gas production."

"The firms are allowed to estimate the amounts they owe the government for the oil and gas because federal agencies cannot accurately monitor oil production from Indian and federal lands. The oil companies are supposed to be audited every six years under this arrangement."

Response:

The statement by The Arizona Republic that "This estimate is necessary because the BIA and the minerals agency have no accurate way of measuring oil and gas production" is inaccurate. The reporting of estimated sales and the monitoring of production are not related.

The purpose of estimates is to allow royalty payors an additional month to report actual royalties. Royalties are based on sales of the mineral products, not on production. In accordance with lease terms and FOGRMA, royalties and their accompanying reports are due by the end of the month following the month of sales. However, industry practices usually preclude this prompt reporting and paying of actual royalties because the information needed is not available to the royalty payor within that timeframe. The FOGRMA regulations recognize this problem and allow for an estimated payment the month that royalties are due. The following month, the payor must report the actual royalty amount. If the actual royalties reported are greater than the estimate paid, the royalty payor is charged interest for late payment on the amount that the actual royalties exceeded the estimated payment.

Production is monitored through the MMS PAAS (most onshore oil and gas production is reported to BLM rather than MMS, but a reporter shift to MMS is planned). The PAAS is designed as an extension of the AFS, which collects and accounts for royalties paid on Federal and Indian leases. Based on data provided on production reports, PAAS identifies the amount of production that should be reported to AFS as sold. The two systems were designed so that data would be compared regularly to identify instances of underreporting, overreporting, and nonreporting. This comparison has been operational for Federal offshore leases, all solid mineral leases, and as a pilot for Federal onshore and Indian leases for over two years.

It should be noted that the Royalty Management Advisory Committee, comprised of members of the oil industry, states, and Indian tribes, voted 19-1 to retain the estimated payments process.

Product Value Regulations - Comment by MMS Director Bettenberg

Assertions:

"Last year, during congressional hearings, Bettenberg, the Minerals Management Service director, acknowledged, 'There's a certain amount of chaos out there.'"

Response:

This statement was taken out of context from an exchange between Mr. Bettenberg and Congressman Yates at the April 15, 1986, hearing of the House Appropriations Subcommittee on Interior and Related Agencies. The topic of the discussion was product value regulations, and the comments made by Mr. Bettenberg were intended to refer to that topic and not to the Royalty Management Program as a whole. The record reads as follows:

"Mr. Yates. How in the world can a company presently know whether it is complying with what you expect them to do? If they have no guidelines, how can your auditors know whether the company is complying? Isn't it total chaos?

"Mr. Bettenberg. It is not total chaos.

"Mr. Yates. It is just chaos.

"Mr. Bettenberg. There is a certain amount of chaos out there. There are two problems. The first is, basically our guidance at this point isn't as clear as it needs to be."

Clarification of product value guidance began in 1982. Draft proposed rules were published in early 1986 in the Federal Register (with an accompanying press release and briefings of the press and congressional staff) and reviewed during that year by the Royalty Management Advisory Committee. Since the above quoted comments, MMS published proposed rules in early 1987 and provided a 90-day comment period. Comments were received by over 100 submitters representing industry, States, Indians, and other Federal agencies.

These regulations tend to be controversial at least in part because any increases in royalty revenues would come from industry accounts and any decreases would be borne at least in part by the States and Indian lessors. Some representatives of States, Indians, and industry chose to take their concerns about the regulations to the Congress. The FY 1987 Supplemental Appropriation contained a provision prohibiting the implementation of final regulations prior to November 1, 1987. The Department reached an understanding with the congressional staffs involved that, in the meantime, MMS would publish a draft of its final rules for an abbreviated period of public comment before proceeding to finalize the rulemaking by September 30, 1987.

After the draft final oil and gas valuation rules were published on August 17, 1987, the House Interior Committee requested another chance to resolve the remaining differences on essential provisions of the regulations. This led to a series of meetings with representatives of Indians, States, and industry and with interested congressional staff. It also resulted in the second draft of the final rules that was published on October 23, 1987, for public comment.

System Problems

Assertions:

". . . the government's system of collecting royalties and getting that money to Indians or the U.S. Treasury is inept at best."

"The collection and disbursement of oil and gas royalties is unnecessarily complicated, critics charge."

"Bettenberg concedes the oil and gas royalty program does not merit confidence today. But he predicts that 'substantial compliance,' is 'about two years away.'"

"But even the most optimistic say the agencies' ability to expedite payment is poor, primarily because of an archaic accounting system that, according to a recent congressional report, makes everything 'unnecessarily complex.'"

"Albuquerque attorney Al Taradash, who represents the Indians, said that a judge recently ordered the BIA and the minerals service to make timely royalty payments. But the system is so bad there are serious questions as to whether the agencies can comply, he said."

Response:

The Department's initial efforts to design and develop an improved royalty system began in 1979, following years of criticism focusing on the inadequacies of the USGS's Royalty Accounting System (RAS). A Task Force report and subsequent policy paper formed the basis for design and development of the replacement systems used by RMP today. These systems are the AFS and PAAS. Five years of implementation experience has identified the following significant improvements over RAS:

- Centralization of policy formulation and accounting functions.
- Provision for the first time of detailed royalty-related information to States, Indian tribes, and industry.
- Automated processing of financial and production accounting data by a modern computerized system.
- More efficient and timely disbursement of monies to recipients.

The FOGRMA imposed greater information gathering and sharing requirements on the systems RMP was developing. In reponse to State and Indian desires for a fuller partnership in the Royalty Management process, the Congress mandated that RMP deliver explanation of payment information regarding the nature and source of payments to royalty recipients. Further, the delegated and cooperative audit program provided for States and Tribes in FOGRMA dictated additional information gathering and sharing.

Contrary to the comments of some observers, the minerals accounting function can hardly be characterized as a simple process. The systems RMP designed and installed closely parallel those currently being used in industry and in some of the more sophisticated State royalty accounting systems, thereby facilitating data and information exchange. The systems and procedures RMP operates were designed and are constantly being modified to respond to the increasing information requests from RMP's clientele, the States, Indians, and industry. For example, the State and Tribal Support System (STAISS) has been designed and implemented to provide computer terminal access and data manipulation capability to the States, tribes, and BIA.

In 1985, the Department awarded a contract to Martin Marietta Data Systems (MMDS) to install an IBM mainframe computer and convert the AFS from the VAX minicomputer configuration. The major benefits of operating the AFS on the mainframe include increased capacity and speed, on-line terminal access to

make data corrections, the ease with which enhancements can be programmed, and the ease with which data can be retrieved and special reports prepared.

Recently, RMP completed a study to identify improvements to RMP's automated systems as well as the program overall. The RMP study identified 49 proposed improvements which will allow RMP to simplify reporting and payment requirements, improve accounting and cash management practices, improve enforcement and compliance procedures, accelerate payments to recipients, and streamline audits.

The RMAC reviewed the recommendations, modified several and added one recommendation, endorsing them to the Secretary in October 1987. Department approval and initiation of work on improvements is expected in late 1987.

Department Siding With Oil Companies

Assertions:

"Members of Congress and their staff members interviewed by The Republic expressed deepening concern over the growing cozy relationship between the Interior Department, the minerals service and the BIA and the oil and gas companies they are supposed to regulate.

"For example, interior officials in 1986 decided to let Conoco, a major oil company, write valuation guidelines for oil and gas production.

"Minerals Management Service officials acknowledged that the Conoco proposals would have given oil companies a $600 million windfall at the expense of Indian landowners and taxpayers. The minerals agency's royalty-advisory committee rejected the Conoco plan, but a new plan being drafted by the agency will have about the same effect, critics allege."

Response:

It appears that The Arizona Republic has borrowed from an article in the April 1987 issue of the Washington Monthly. The fact is that the Department has been developing revised product value regulations since 1982. In early 1986, as a step in this process, the Royalty Management Advisory Committee established three work panels to review and comment on drafts of MMS's proposed rules for oil, gas, and coal valuation. Each of the work panels was comprised of State, industry, and Indian representatives selected for their knowledge of and interest in a specific commodity. The 32 members of these panels devoted a tremendous amount of time to this effort, including holding 29 days of formal sessions which were open to the public. The MMS paid the costs incurred by panel members in attending formal sessions, while their salaries were paid by their employers. Each panel made its own arrangements for having its work products recorded and reproduced.

We believe this allegation refers to the fact that a Conoco employee who was a member of the oil panel offered to provide these clerical services for the oil panel. As a result, Conoco had each session's products typed and distributed to each panel member prior to or at the next session. These products were then available for review, discussion, and, if necessary, correction by each member of the work panel during public sessions.

In summary, The Arizona Republic article grossly misstates the facts.

The $600 million amount is apparently a reference to an initial MMS estimate of the impact of the proposals of the oil and gas work panels on potential royalty revenues. These estimates were discussed during the October 1986 meeting of the Advisory Committee. During that public discussion, it became apparent that MMS analysts had misunderstood the intent of one specific proposal by the Gas Work Panel and that they had erroneously assigned to it an $311 million price tag. Questions were raised also about other aspects of the MMS estimates.

Nevertheless, MMS believed then and now that the oil and gas work panel proposals would have resulted in reduced royalties. That is one of the

reasons the full Advisory Committee was unable to muster the two-thirds majority to forward recommendations regarding the oil and gas regulations to the Secretary.

Since October 1986, MMS has published proposed regulations for oil and gas product valuation and, now, two sets of draft final rules for public comment. Throughout this process, MMS adopted those comments that it felt improved the proposed regulations and rejected others, including a number of recommendations from the oil and gas panels.

Department Siding with Oil Companies - Comment by Congressman Yates

Assertions:

"Rep. Yates echoed Synar's allegations that department officials are siding with oil companies.

"He said that Bettenberg has 'taken sides with the oil and gas companies, and he said so.'"

Response:

This is apparently a reference to an exchange between Congressman Yates and Mr. Bettenberg at an April 1987 appropriations hearing. The topic was a January 1986 proposal to modify the provisions of Notice to Lessees and Operators No. 5 (NTL-5):

"Mr. Yates. What comments did you receive as a result of the publication?

"Mr. Bettenberg. Let's see. In general, the states have taken the position that it shouldn't be made retroactive and industry has taken the position it should be made retroactive.

"Mr. Yates. In other words, you side with industry on this one?

"Mr. Bettenberg. I think that our position on that is essentially the same as theirs, yes."

In summary, Mr. Yates did not state at the hearing that MMS is routinely "taking sides with the oil and gas companies." His comment and Mr. Bettenberg's reply were related solely to positions taken on the specific questions of whether certain changes to NTL-5 should be made retroactive. We note that in July 1987 the Governors of six Western States adopted a position supporting the retroactive modification of NTL-5, subject to certain safeguards with which MMS and the Department agree. Further, in November 1987, the House of Representatives passed legislation (H.R. 3479) supported by Mr. Yates to implement this position. Similar legislation (S. 1814) was voted out of Committee in the Senate in December 1987.

It is hard to maintain that anyone in the MMS is routinely "siding with the oil companies," in the face of the following statistics:

- From October 1981 to August 1987, the MMS collected $307 million in additional royalties and late payment charges, and denied $80 million in refund requests, through its audit program.

- Demands for payment on 1,900 leases have resulted in appeals and litigation.

- Currently, companies have, on royalty-related issues:

  -- 350 appeals pending before the MMS Director (reflecting actions taken by Royalty Management personnel which are contested by companies),

-- 137 appeals pending before the Interior Board of Land Appeals (reflecting decisions or actions of MMS contested by payors).

-- 59 cases in court (reflecting decisions or actions of MMS contested by payors).

Causes of Underpayments

Assertions:

"Most of the losses are through underpayments from oil companies that either lie about the amount of oil they take or about its value."

Response:

While it is true that the MMS collects substantial additional royalty payments over those initially reported by oil companies, we do not believe these collections typically result from lies by oil companies. The majority of audit collections are due to differences in interpretation of complex product valuation regulations.

Washington Monthly Article

Assertions:

"A recent issue of Washington Monthly singled out the oil and gas management as Washington's worst-run program."

Response:

The Washington Monthly article made numerous inaccurate statements and mischaracterizations regarding the MMS Royalty Management Program, including the allegation that it is "Washington's worst-run program." The MMS sent a detailed response to the magazine refuting the major allegations contained in the article. However, the Washington Monthly has not recognized or responded to this response.

Past Study/Audit Recommendations

Assertions:

"Since 1955, three task forces, a blue-ribbon panel, numerous consultants and repeated audits by the GAO have warned that the multibillion-dollar oil and gas program was headed for severe problems. Yet Interior Department and BIA officials have ignored the warnings and advice."

Response:

The Department does not ignore the recommendations of outside audit groups, of the Department's OIG, or of other persons or groups which conduct responsible studies of its operations. Recommendations are carefully evaluated, and a response is provided to the sponsoring organization. Since 1980, most of the recommendations received have been implemented or are in process. Others have been deemed to be impractical or inappropriate, and in those cases, a written response has been provided to the sponsoring organization.

While it is true that past GAO reports indicated severe problems in the oil and gas program, recent reports regarding the MMS have concerned mostly smaller-focus operational issues. In fact, during a hearing before the House Committee on Interior and Insular Affairs, Subcommittee on Mining and Natural

Resources in April 1987, a GAO Associate Director highlighted the program gains since 1979 and testified that, "I think in fairness to the Department that there has been noteworthy progress made."

Additional Auditors

Assertions:

"Despite this low collection rate, Bettenberg, in 1986 testified before Congress that his agency needed no more auditors to manage the oil and gas accounts.

"But Congress, in an unusual move, insisted the agency hire 50 more auditors, based on the promise that their work could bring in at least $20 million in recovered underpayments.

"In a recent interview with The Republic, Bettenberg cited the hiring of those 50 auditors as one of the recent achievements of his agency. He did not say Yates' panel forced his agency to hire them."

Response:

Funding for the 50 additional auditors was based on an MMS analysis completed after the April 1986 hearing and furnished to the House Appropriations Committee. The additional auditors hired in Fiscal Year (FY) 1987 will significantly contribute to audits that determine the accuracy of royalty payments on Federal and Indian mineral leases. Overall the audits are cost-effective because additional royalty revenue is collected for the Federal Treasury, State governments, Indian tribes, and Indian allottees. However, it is difficult to determine the benefits of the additional 50 auditors in recovered royalty underpayments because of the following factors:

- With the market value of oil and gas declining in past years the dollar value of royalty underpayments may decrease as audits occur for more current periods.

- The new auditors need training and experience in royalty compliance activities to achieve their full level of effectiveness. As their knowledge and experience increase so will their ability to generate additional royalty collections.

- The downturn in the oil and gas industry has had a greater impact on small and intermediate companies and resulted in numerous mergers and acquisitions. Past levels of payor compliance will be affected by these economic impacts.

- The MMS royalty audits are conducted on an audit team basis. Statistics are not maintained on an individual auditor basis.

Indian Advocacy System

Assertions:

"Although federal officials in the past three years have developed an advocacy system for Indian landowners, it, for the most part, has failed to improve the system."

Response:

The MMS has undertaken a number of actions over the past several years which relate to Indians and which we feel have greatly improved the program. The following actions are not all inclusive but represent some of the major initiatives.

Royalty Management Advisory Committee. The Royalty Management Advisory Committee was formed in late 1985 to review royalty issues identified by the Secretary of the Interior and provide him with recommendations for resolving the issues. The Committee is comprised of members representing several Indian tribes and an allottee organization, State governments, industry, and the general public. The Committee had a total of five committee meetings in 1986 and 1987. To assist it in reviewing issues the Committee appointed several working panels comprised of members from the same or similar organizations to those of which the Committee members represent. The Committee and its working panels have reviewed the following issues to date:

- Federal funding guidelines for implementation of FOGRMA Sections 202 and 205.
- Efforts by MMS to validate the AFS data bases.
- Draft oil, gas, and coal valuation regulations.
- The application of the PAAS to onshore Federal and Indian leases.
- System improvement efforts.

The Indian participation on the Committee and working panels is summarized as follows:

	Royalty Management Advisory Committee Members		Working Panel Members	
	Number	Percent	Number	Percent
Indian Members	7	23	19	26
Non-Indian Members	23	77	53	74
Total Members	30	100	72	100

Indian Lease Audit Strategy. In January 1986, BIA and MMS implemented the BIA/MMS Indian Lease Audit Strategy. The strategy was approved by the BIA/MMS Joint Steering Committee and establishes procedures for the bureaus to receive and respond to Indian tribal and allottee lease inquiries. Numerous audits and accounting reviews have been accomplished or are in process to respond to such inquiries.

In FY 1986 and 1987, the MMS Royalty Compliance Division conducted audits of 40 Indian leases and 114 Indian leases, respectively, as a result of such referrals. In addition, in FY 1986 the MMS Office of External Affairs (OEA) conducted accounting reviews based on 16 allottee requests and in FY 1987 conducted accounting reviews based on 32 such requests.

Indian Audit Activities. The MMS audit strategy is being revised to provide improved audit coverage of Federal and Indian leases. The MMS plans to direct the vast majority of its audit resources toward major payor company audits. The MMS is developing a comprehensive plan to audit on a 6-year cycle the largest payors who submit over 90 percent of total mineral revenues. Payors on other leases will be reviewed for audit pursuant to special audit techniques. Also, the MMS will assure audit coverage of the balance of Indian leases through major company audits, payor audits and specific audit requests through the BIA/MMS Indian Lease Audit Strategy. Since program inception in October 1981 through August 1987, MMS has collected $15 million in additional royalties and late payment charges as a result of the collective lease coverage efforts on Indian leases. During FY 1987, MMS audited 162 tribal and 323 allotted leases. Since 1982, 1,768 of the 4,700 producing leases have been audited.

Special emphasis has been placed on audits of nonstandard Indian lease agreements issued under the Indian Mineral Development Act of 1982. A total

of 47 such agreements have been identified, and audits have been initiated by MMS on 5 agreements, representing 14 leases. An additional $444,000 in revenues has been collected as a result of these audits.

In addition to audit activities by the Royalty Compliance Division, Section 202 of FOGRMA authorizes cooperative audit activities with tribes. One tribe has an agreement with MMS to perform audits. In addition, two tribes have informal cooperative agreements whereby MMS auditors and tribal auditors work together on an audit. Several other tribes are considering entering into such agreements with MMS.

Establishment of OEA and Outreach Visits. The OEA was established in August 1985 to promote communication and understanding between royalty recipients and MMS. It is an ombudsman to Indian allottees and tribes with the goal of promoting greater understanding and assistance. It is the primary conduit in MMS for royalty recipients to seek problem resolution. It conducts an outreach program insuring RMP coordination and continuing communication with the Indian community.

Since mid-1986, OEA has held 15 meetings with allottee groups in Oklahoma, New Mexico, Wyoming, and Colorado. During this same period OEA has held 12 meetings with tribal organizations in Arizona, Wyoming, Montana, and Colorado. The purpose of these meetings is to share information concerning the RMP, review the accounting and auditing functions that are the responsibility of MMS, and respond to inquiries concerning individual lease problems. Representatives from the BIA accompany OEA personnel on field visits.

Another major outreach initiative started in August 1987 is visits with tribes and allottee groups concerning MMS efforts to improve its accounting systems. Nine meetings with Indian organizations have been held between August and October 1987.

State and Tribal Support System. On April 30, 1986, STATSS was implemented. This system provides access to AFS data via terminals and remote personal computers through a series of online computer screens and financial reports. Nine States, nine tribes, and fourteen BIA offices use STATSS. Data access is protected so that a user can only see data for leases pertaining to that user. Each BIA office with STATSS capability has access to data for allotted leases that are under its jurisdiction. In addition, MMS purchased microcomputers and gave them to the tribes to encourage use of STATSS.

A permanent STATSS section within the RMP provides user assistance to States, tribes, and BIA and RMP personnel. Through FY 87, this section has trained over 150 users, handled several hundred phone calls, and distributed over 5000 separate STATSS financial reports in response to user requests.

VAX Computer System

Assertions:

"The minerals agency struggled with an $82 million VAX computer system that could not handle data properly or produce timely accounting for oil and gas transactions. The VAX problems set the entire minerals-management program back at least two years, officials agree."

Response:

The MMS has not spent $82 million on the VAX computer system. Since inception of the RMP in late 1981, approximately $50 million has been incurred to purchase VAX minicomputers, develop new financial and production systems, and operate and maintain all systems. The MMS has recently completed acquisition of a new mainframe computer and has converted the AFS. While costs associated with the new computer were originally estimated at $32 million, actual costs are about $23.6 million, including operations and maintanence. Had the RMP systems originally been implemented on a mainframe computer instead of VAX

minicomputers, the primary cost savings to the government would have been $4.3 million for VAX hardware and $4.2 million for conversion, a total of $8.5 million. Most of the other costs would have been incurred in either case.

BIA/MMS Communication

Assertions:

"BIA and minerals-service officials argued and fought over the resource-management problems. The feud deteriorated to the point where officials of the two agencies were barely speaking to each other.

"While officials of the agencies bickered, Indians who owned mineral rights were starving and losing their homes and cars because they could not get their money."

"The problems also are compounded by a computer system that has failed miserably and a paralyzing lack of communication between the minerals agency and the BIA."

Response:

We are surprised at the statements about lack of communication between BIA and MMS. To our knowledge, nothing like a "feud" ever existed between the two agencies, and coordination meetings were always held. However, MMS and BIA do acknowledge that a more effective mechanism for coordination and communication was needed. Therefore, over the past several years, the two agencies have instituted many activities and mechanisms for coordination. Among actions taken are the following:

- The MMS and BIA signed a Memorandum of Understanding (MOU) in August 1985 to delineate responsibilities related to lease revenue management and lease administration. The MOU is administered by a Joint Steering Committee which meets quarterly to discuss problems and issues affecting Indian royalty management.

- The MMS and BIA issued the Indian Lease Audit Strategy effective January 1986. This audit strategy is designed to (1) enable MMS/BIA to respond to inquiries more rapidly, (2) keep tribes and allottees informed as to the status of their audit requests, (3) maximize use of professional audit resources, and (4) identify future audit targets.

- The MMS and BIA held training sessions for employees with Indian lease responsibilities to make them aware of the Department's trust responsibilities and the roles of each of the Bureaus involved in royalty management.

- The MMS and BIA identified the need for system enhancements to improve the quality of information of the explanation of payments reports sent to tribes and allottees. These enhancements include changes in the calculation of royalty rate and unit price and accounting for negative royalty values.

- The MMS developed and implemented STATSS in April 1986 to provide access to detailed AFS data and a tracking system for Indian lease audits.

- The MMS OEA is involved in outreach to BIA. The OEA has conducted numerous meeting and visits to BIA facilities to discuss mutual projects and problems and to train agency personnel on MMS functions.

IBM Computer/Conversion

Assertions:

"The minerals service and the BIA are pinning their hopes of resolving the multibillion-dollar oil and gas crisis on a new $32 million computer system that originally was scheduled to go on line last year but was rescheduled to begin operation in August.

Response:

The new system, which became operational in September 1987, greatly increases MMS's flexibility and capability to improve its service to the Indians in the future. It has not, however, been billed as a panacea.

Work has already begun to fully utilize the capabilities of the new system. Foremost among these is to implement PAAS for onshore Federal and Indian leases. Onshore PAAS had to await the new system because of the number of leases and transaction volumes involved. Onshore PAAS will allow MMS to compare production reports from leases to the royalties paid by the oil companies. The new system will also allow MMS the flexibility to improve the explanation of payment reports to both the States and Indians by allowing additional explanatory information to be stored and reported.

As stated earlier, the $32 million cost for the new computer cited in The Arizona Republic is incorrect. Cost of the new system through FY 1987 totaled $23.6 million for computer hardware, conversion of the AFS from the VAX configuation to the IBM, and operations and maintenance. The $32 million was an estimate which included additional options MMS chose not to exercise.

Failure to Crack Down on Industry Violators

Assertions:

"When serious violations are brought to their attention, Interior Department officials have failed to crack down on oil companies that apparently violate federal laws, federal studies show.

"In other cases, they have not pursued legal action when oil producers refused them access to oil and gas records as required by law.

"Documents show that oil firms repeatedly have refused to comply with that access-to-records law, seriously hampering the Indians' efforts to get an accurate accounting of the money owed them.

"For example, when major producers Arco and Chevron refused to let Interior Department officials review their records of production from federal and Indian lands, government officials took no action other than to report they were studying 'appropriate strategy' to deal with the apparent violation."

Response:

We assume the cases in question relate to OIG "lookback" audits initiated in the 1982-1984 timeframe. It is true that several companies, including ARCO and Chevron, initially resisted OIG attempts to obtain information on oil and gas production. However, it must be pointed out that:

1) OIG lookback audits were conducted by private accounting/auditing firms, and reasonable questions were raised about their authority to obtain proprietary information.

2) Many issues being audited (such as take-or-pay provisions) were being litigated, and companies questioned that they needed to provide information when they believed no royalties were due.

Subsequently, all such cases have been referred by the OIG to MMS for resolution and all necessary documentation has been or is being provided.

The bottom line is that we are not aware of any instances where oil and gas companies are today refusing to furnish records necessary to audit their compliance with Federal statutes except for a few cases where that authority on specific types of payments is in litigation.

Lack of Commitment

Assertions:

". . . no one in the Department of Interior really wants a workable system.

"Synar feels the problems result from a lack of commitment on the part of the BIA and the Minerals Management Service. The Oklahoma congressman said officials and employees of the agencies are more intent on protecting their jobs than on helping Indians."

Response:

We strongly disagree with The Arizona Republic and its report of Congressman Synar's statements that the MMS lacks commitment. In a number of audits and studies conducted by outside organizations the reviewers have commented on the high level of commitment from MMS employees. For example, a December 1984 report by the House Committee on Interior and Insular Affairs stated, "Employees of the MMS have shown a high sense of dedication to getting the job done, and have been led by management personnel who have been equally hard working for the most part." In fact, a July 1985 report from the House Committee on Government Operations, Environment, Energy, and Natural Resources Subcommittee chaired by Congressman Synar states, "During the course of the Subcommittee's investigation, it was evident that many Departmental employees are working diligently to carry out their duties and to correct problems in the program."

Statements by Beatrice Saupitty

Assertions:

"Beatrice Saupitty . . . is a prime example of the problem.

". . . recently, the BIA stopped the royalty payments that were her primary source of income.

". . . agency officials in Anadarko told her that an oil company claimed $80,000 in overcharges against her account.

"Although the BIA neither attempted to verify that charge nor asked the Minerals Management Service to audit the account, agency officials depended on the honor system and without question charged Saupitty's account.

"Saupitty . . . was upset that BIA officials sided with the oil company and told her she must prove that the company's overcharge was wrong before she could get any money.

". . . Saupitty hire[d] an attorney. That attorney hired an oil and gas auditor, who found that the oil company and the BIA were not due the $80,000. Instead, they had failed to pay Saupitty for an estimated $64,000 in oil and gas taken from her land.

". . . BIA rejects her documented claim and accepts the word of the oil company, which based its overpayment charges on "estimated" production from her land."

"In Oklahoma, the BIA and the minerals service were trying to collect $80,000 for an oil company from a 68-year-old Indian woman. An independent audit revealed the firm actually owed her $64,000.

Response:

At a 1986 MMS/BIA outreach meeting with Indian allottees in the Anadarko Area, Ms. Saupitty (Kopaddy) requested a review of her lease for timeliness of payments. The BIA asked MMS to proceed with the review. The results of MMS's

review were presented in a December 12, 1986, memorandum to the Anadarko Agency Superintendent and to affected allottees. The review revealed that Ms. Saupitty's royalty payments were timely and had been paid for the lease.

The $80,000 and $64,000 amounts stated in the news article represent estimated payment balances for different months; i.e., advance royalty payments which were distributed to BIA for disbursement to Ms. Saupitty and other royalty interest holders. Ms. Saupitty is not owed $64,000 as the article claims, nor are BIA and MMS trying to collect $80,000 from her.

On December 17, 1986, members of MMS's Office of External Affairs met with Ms. Saupitty and explained the circumstances concerning her lease. The MMS also met with other allottees with an interest in the lease and explained the situation.

Statements by Berdena Holder

Assertions:

"'They're ripping us off. When I say they, I don't know for sure if it is the oil companies, the BIA, MMS (Minerals Management Service), Treasury or who.'" [Berdena Holder]

"Holder challenges the BIA and the minerals agency almost daily, and in more cases than not, she wins."

Response:

Ms. Holder owns a royalty interest in three leases. The MMS has performed audits and desk reviews responding to Ms. Holder's questions relative to each of her leases. An audit initiated on one of Ms. Holder's leases covering the period of May 1982 through February 1984 found that additional royalties were due. Those royalties were collected and paid to her. Since this audit, numerous desk reviews conducted on this lease have identified the need for further audit coverage. That work is nearing completion. The MMS has also conducted desk reviews on two additional leases for which Ms. Holder has a royalty interest. One of these leases is currently under audit.

During a July 1986 meeting of the Royalty Management Advisory Committee, Ms. Holder publicly claimed that her royalty payments were not timely and asked questions about her payments. Review of this matter by MMS disclosed that the royalty payments in question were paid timely. These findings were discussed with Ms. Holder by MMS representatives and were formalized in a written response to her from the Director, MMS, dated September 9, 1986.

Statements by Roger Bosin

Assertions:

"'I'm trying to find out what happened to my money, and the BIA won't tell me anything,' Bosin said.
"'But the BIA has always taken the side of the oil companies and said, "To hell with Indians."'"

Response:

The MMS audited Mr. Bosin's royalty interest during 1986 for the audit period of January 1980 through December 1985. Audit results were transmitted to the BIA on December 3, 1986. The audit identified $1,866.97 in underpaid royalties. That amount was distributed to BIA on July 15, 1987, and was subsequently disbursed to the royalty owners, including Mr. Bosin, by BIA.

The MMS personnel have received a number of verbal inquiries from Mr. Bosin concerning his lease account and the lease account of his wife. The MMS has been responsive to all of Mr. Bosin's inquiries.

Statements by Frances Begay

Assertions:

"In Arizona, the response Begay got from BIA officials was similar.

"When she approached them in Window Rock to find out why she and other members of her family were not getting paid, BIA officials refused to help and told her, 'You should have saved your money.'"

Response:

In response to a request from the BIA Navajo Area Office, MMS is now auditing Ms. Begay's lease. We estimate that the audit will be completed by January 1988.

LETTER FROM WILLIAM D. BETTENBERG

DEC 24 1987

Mr. Jenkin Lloyd Jones, Sr.
Editor
The Tulsa Tribune
P.O. Box 1770
Tulsa, Oklahoma 74102

Dear Mr. Jones:

In response to your recent series, "A Vanishing Trust" (November 9-18, 1987), I commend you for a generally balanced presentation of information about the Minerals Management Service (MMS) and its royalty management program. Still, some of the conclusions you draw are troubling, and I offer some observations about those.

You reported that royalty management by the Interior Department not only has failed to improve in recent years but has gotten worse. In fact, the royalty management program has enjoyed tremendous improvement since 1982, when MMS was created to take it over. The program has won praise from the General Accounting Office (GAO), which testified before Congress in April 1987 that the Department has made "noteworthy progress" in resolving past problems; and from Senator William Proxmire, who stated recently that the Interior Department "deserves a pat on the back for beginning to do a difficult job well."

You also reported that "underpayments are staggering." I think you misunderstand the terms "underpayment" and "undercollection." An underpayment is the difference between the amount initially paid by a lessee and the amount truly owed. It is subject to discovery through audits and other detection techniques built into our accounting system, and it is subject, of course, to collection with interest. An undercollection is the difference between the amount finally collected and the amount owed. Undercollections are losses of income, but underpayments reflect only a delay in income. Some of the estimates you cited as lost revenue and uncollected royalties were actually estimates of underpayments, and the one put forward in a House Appropriations Committee staff report was far off the mark.

Thank you for the opportunity to clarify these points for your readers. Enclosed you will find a more detailed, point-by-point response to your

series' coverage of MMS. I hope this information will be helpful to you in future reporting on the MMS royalty management program.

Sincerely,

(SGD) WM. D. BETTENBERG

Director

RESPONSE TO THE TULSA TRIBUNE ARTICLES
OF NOVEMBER 9-18, 1987

Adequacy of Accounting System

Assertions:

"Although it has spent most of this century as steward over federal and Indian lands, the U.S. Department of the Interior has not created a system that adequately accounts for billions of dollars in mineral payments."

"Organization of the MMS to audit and collect funds was one result of the act. An explanation of payment to states and Indians was ordered.
"But things did not improve. In fact, they got worse."

Response:

The Department of the Interior (Department) has acknowledged that insufficient attention had been paid to the collection of mineral revenues during the 1970's. Over the past 6 to 8 years, however, the Department has taken a number of major actions to correct this situation and to improve the "royalty management program."

The Department's initial efforts to design and develop an improved royalty system began in 1979, following years of criticism focusing on the inadequacies of the U.S. Geological Survey (USGS) Royalty Accounting System (RAS). A Task Force report and subsequent policy paper formed the basis for design and development of the replacement systems used by the Minerals Management Service (MMS) Royalty Management Program (RMP) today. These systems are the Auditing and Financial System (AFS) and the Production Accounting and Auditing System (PAAS). Five years of implementation experience has identified the following significant improvements over RAS:

- Centralization of policy formulation and accounting functions.
- Provision for the first time of detailed royalty-related information to States, Indian tribes, and industry.
- Automated processing of financial and production accounting data by a modern computerized system.
- More efficient and timely disbursement of monies to recipients.

In 1985, Secretary Hodel reviewed the work that had been done and the problems which remained to be solved, and issued a Management Action Plan for RMP which laid out plans and time tables to deal with the further concerns of recipients, external review groups, and others. As a result, several specific actions were taken to improve services to Indians. They include:

- Creation of the MMS Office of External Affairs to provide outreach to Indians.

- Creation of the Office of State and Tribal Program Support within the MMS Royalty Compliance Division to provide guidance and assistance to Indian tribes with cooperative and delegated audit agreements.

- Approval of a Memorandum of Understanding between MMS and the Bureau of Indian Affairs (BIA) to define the responsibilities of each agency and to establish a BIA/MMS Joint Steering Committee which meets quarterly to resolve problems and issues affecting Indian royalty management.

- Development and implementation of an Indian Lease Audit Strategy to expedite audit requests, provide information to Indian allottees on the status of audits, maximize audit resources, and identify future audit targets.

- Design and implementation of the State and Tribal Support System (STATSS) to provide Indian tribes and BIA offices with access to data contained in the AFS data bases.

Simultaneous with these initiatives, MMS was working diligently in less visible areas to improve royalty management. Accomplishments include implementing a major audit program, including cooperative audits with States and tribes; training payors to report and pay timely and accurately to the new accounting systems; developing better reports for royalty recipients; writing regulations to implement the legislation and improve compliance; and contracting to improve computer support.

The result of these efforts is that while we have not solved all our problems, the management of royalty revenues is greatly improved. The General Accounting Office (GAO) and the Department's Office of Inspector General (OIG) are both auditing the MMS RMP on a continual basis, but their reports now concern mostly smaller-focus operational issues, rather than the program-wide failures that were documented in previous years. In fact, during a hearing in April 1987, GAO Associate Director John Simonette testified that, "I think in fairness to the Department that there has been noteworthy progress made." In addition, in the September 29, 1987, Congressional Record, Senator Proxmire concluded about royalty management that " . . . the Department was no longer at fault. Instead of a lashing, they deserve a pat on the back for beginning to do a difficult job well." Senator Proxmire also asserted that, "Given the complexities of [the] system, the Department is doing a reasonably good job. A little more time to continue their improvements and they may soon be doing an outstanding one."

Underpayments

Assertions:

"By the most conservative of estimates, underpayments are staggering.

"John Simonette, an official with the General Accounting Office which monitors federal programs, told a congressional hearing in April that uncollected royalties 'probably run in the several hundred million dollar range.'"

"But the Minerals Management Service can do anywhere from $300 million to $1 billion a year better, its critics insist."

"Rep. Sidney Yates, D-Ill., chairman of the House Appropriations Committee, lashed out at MMS during a congressional hearing a year ago.

"'I must tell you in utter candor and frankness, I am just appalled by what is happening in MMS; not just by what is happening, but by what is not happening,' he told Bettenberg.

"Yates brandished an investigative report by staff members who examined leases and underpayments in four Western states. They concluded underpayments averaged 21 percent.

"The staff estimated MMS collections could be short by as much as $5.8 billion since 1979 if applied to all states.

"Bettenberg later scoffed at the figures, saying revenues lost were approximately 3 percent. He did not pinpoint a dollar loss but retorted 'our auditors say it can't be anything like that.'

"He charged that Yates could not back up his 'flawed information' from such a limited review and termed any billion-dollar price tag 'laughable.'"

Response:

Assertions that millions or billions of dollars are being underpaid to MMS arose from a statement contained in a report released in September 1986 by the House Appropriations Subcommittee on Interior and Related Agencies.

The Subcommittee's report projects (but does not "claim" or "find") aggregate undercollections of 21 percent based upon audit findings which yielded additional billings totaling 21 percent. The MMS warned both the authors and readers of the Subcommittee's report that these audit statistics could not be projected to the universe of leases and payments for the following reasons:

- The MMS audit sample was limited to leases on which there were underpayments. Leases on which royalties were properly paid or overpaid were not included.

- The MMS auditors concentrate on leases, time periods, and circumstances where underpayments are most likely to occur. Results from those audits cannot be extrapolated to the universe of leases and payments.

- Many of the audit findings were based on MMS interpretations of complex issues, which the payor is appealing or litigating, and which may ultimately be decided in favor of the payor.

- Perhaps of greatest importance, the audits covered periods back as far as 1978, well before the improvements in royalty collection and compliance of the past few years.

For similar reasons, Senator Proxmire has stated in the Congressional Record that, "The only thing wrong with this number is that it is based on analysis so faulty that a freshman statistics student would receive a big, fat 'F' if he handed it in."

It may help to explain that there is a difference between:

underpayments - the difference between the amount initially paid and the amount owed, and

undercollections - the difference between the amount finally collected after MMS audits and the amount owed.

As thus defined, undercollections are a true loss of income; but underpayments may only reflect a delay in income--for which we are compensated by interest assessments.

We have never denied that initial underpayments exist. Just as with the Internal Revenue Service, it is not possible to collect all revenues "up front" when initial payments are based on voluntary compliance. Although we expect lessees to comply in good faith with applicable laws, regulations, and lease terms, we have differences of opinion as to what compliance requires.

These differences will not all be resolved until administrative and legal appeals are exhausted--a process that will take years. However, many will be resolved more directly in our proposed product value regulations and in litigation that may ensue on those regulations.

We believe the safeguards are in place to ensure that ultimate under-collections are minimized. That is why we have created a 200-person audit staff over the last 5 years to regularly audit payors and why we routinely check to see that payments are made on time and for all producing leases.

Regarding Mr. Simonette's comment during a Congressional hearing that underpayments (not uncollected royalties as cited in the Tulsa Tribune) "probably run in the several hundred million dollar range," it is important to note that he stated that, "we have not been able to precisely define or

identify what the magnitude of those underpayments are," and that MMS has a system to detect and collect underpayments.

The statement in the Tulsa Tribune that "Bettenberg later scoffed at the figures, saying revenues lost were approximately 3 percent," (emphasis added) obviously arose from the author's misunderstanding of the difference between underpayments and undercollections. Mr. Bettenberg was referring to the amount that MMS estimates is due prior to audit and which will be recovered with interest after audit. He did not imply that 3 percent of the royalties due go uncollected and are therefore lost.

Honor System

Assertions:

"States are no happier with the MMS acting as the auditor.
"They cannot cross-check the amount paid by an energy company against the amount actually produced from leases onshore.
"'It is still the honor system because you can't match a check to a production report,' asserted Valdean Severson of the Wyoming state auditor's office."

Response:

The MMS AFS is operated similarly to income tax reporting under the Internal Revenue Service. Those who owe royalties are expected to report and pay the correct amount due to the Federal Government. But just as with the Internal Revenue Service, MMS's collection and verification efforts do not stop at that point.

Because we anticipated that there would be discrepancies and delays in payment and reporting, we have implemented several approaches to detecting and verifying that full payment has been accurately identified and made. These approaches include:

- Audits. Payments made to MMS are subject to audit. The MMS royalty audit program is implemented by the Royalty Compliance Division (RCD) and by State and Indian tribal auditors working with MMS under delegated agreements and cooperative agreements. The RCD audit resources are available from 13 resident audit teams and 19 mobile teams. Audit collections and refund denials total more than $387 million from program inception in October 1981 through August 1987.

- AFS Exception Processing. A function of the AFS, MMS's computerized royalty accounting system, is to detect late payments and certain types of underpayment. Exception processing is the identification of conditions that result in billing actions. The AFS generates billable exceptions by comparing what a payor reports and pays to what the system expects the payor to report and pay. Exception processing has been operational since February 1985 and has brought in additional collections of almost $20 million through August 1987.

- PAAS/AFS Comparison. The PAAS is an integrated system of manual procedures and automated processes for minerals production reporting, accounting, and auditing. The PAAS is designed as an extension of AFS which collects and accounts for royalties owed and paid for production from Federal and Indian leases. Based on data provided on production reports, PAAS identifies the amount of production that should be reported to AFS as sold. Sales volumes reported to AFS should match those reported to PAAS. The two systems were designed so that data would be compared regularly to identify instances of underreporting, overreporting, and nonreporting. Such comparisons have resulted in the collection of approximately $14.8 million in additional royalties from April 1985 through August 1986.

Presently, PAAS is operational for offshore oil and gas, onshore solid minerals, and a limited number of onshore Federal and Indian oil and gas leases. The MMS has now been assigned the job of developing a system for the receipt, entry, edit/error correction, and distribution of onshore production data. As a result of this decision, an implementation plan was developed which includes software development, database verification, contractor hiring and training, operator training, and the determination of State and Indian report requirements. Because of the large scale of onshore oil and gas operations, automation of production data will occur in a phased manner with timing dependent on availability of funding and other considerations.

In addition to these efforts, MMS has a comprehensive enforcement and penalty strategy to encourage prompt and accurate royalty reporting and payment. The tools used to carry out this strategy include (1) interest charges, (2) erroneous, late, and nonreporting assessments, and (3) civil penalties.

Production Accounting

Assertions:

"Bettenberg announced a connecting program would be phased in between March and September 1988, but recently placed it on hold due to a lack of funding.

"Critics saw it as more of the same unfulfulled promises.

"'Matching up production with what is paid is the first step in basic accounting,' Wyoming's Severson said. 'I would say when you haven't done that for five years, you're a little late already.'"

Response:

These comments refer to delays in implementing PAAS for onshore oil and gas leases. As stated above, PAAS is presently operational for offshore oil and gas, onshore solid minerals, and a limited number of onshore Federal and Indian oil and gas leases. Conversion of the remaining onshore leases was suspended after considerable concern about the cost-effectiveness, complexities, and need for PAAS by industry and congressional committees. Specifically, the House Committee on Interior and Insular Affairs in its December 1984 report on Federal Minerals Royalty Management recommended that implementation of PAAS onshore be delayed and the requirements be restudied to determine if a simpler and less costly alternative could be found. (Consultation with Mr. Severson's supervisors during the Summer of 1985 confirmed that they considered onshore PAAS conversion to be relatively low priority compared to several other initiatives then underway to improve royalty management operations.)

Because of this concern, a Department study team undertook and completed a 1-year feasibility analysis of PAAS. The report analyzed 21 alternatives to production accounting for onshore oil and gas leases. Additionally, the Royalty Management Advisory Committee appointed a panel to study whether PAAS should undertake the remaining onshore conversion. Among its recommendations was the proposal that BLM Form 3160-6 (3160-6), the existing onshore production reporting form, be converted to an automated reporting system and that PAAS not be further implemented onshore. The Committee tabled the recommendation, and the Assistant Secretary - Land and Minerals Management appointed a team to study four additional alternatives to reporting and to enabling a production/sales comparison.

Based on the report of the task group and other studies, the Assistant Secretary - Land and Minerals Management decided that MMS will computerize data submitted on a slightly modified version of the 3160-6. The MMS will be responsible for receipt and edit/error correction of the 3160-6, as well as distribution of the production data to BLM, States, tribes, and BIA. As stated earlier, automation of production data will occur in a phased manner with timing dependent on availability of funding and other considerations.

Production Information

Assertions:

"What is termed 'production' information on the form rankles states and tribes. It lists production only after minerals are sold, not what comes out of the ground.

"'They've argued that production means reported sales. Well, that's just nonsense,' Taradash said. 'That's not at all what the law requires.'"

"Bettenberg argues his agency is technically in compliance with the law by providing a production figure.

"'We do provide them with a number but the number isn't really the relevant one all the time. We need to do better than that.'"

Response:

The MMS provides production information in the form of production sold on the explanation of payment report provided to States, Indian tribes, and BIA for its use in providing explanation of payment information to Indian allottees. This is the quantity on which royalty is paid and, therefore, the most relevant production number. Once onshore production information is reported to MMS on Form 3160-6, MMS plans to provide this additional production information to States, Indian tribes, and BIA.

Royalty Information

Assertions:

"In addition, a production figure may be a composite of several different numbers rolled into one.

"Accountant Valdean Severson of the Wyoming state auditor's office said a manufacturing allowance on gas, transportation on gas, and taxes may be rolled into one number, making audits impossible.

"'They are supposed to break it out line by line to tell you what happened on the lease,' Severson said."

Response:

We do not understand Mr. Severson's statement regarding audit impossibility. It is the function of an audit to verify that appropriate allowances are being taken. The fact that a company aggregates allowance information on a royalty report does not make the audit impossible. However, it does require an examination of the company's books and records to determine where such aggretations occur and whether the amounts claimed are appropriate. This is what MMS auditors do and what Mr. Severson's State has contracted to do.

Regarding Mr. Severson's comment about line-by-line data, the State of Wyoming (Wyoming), as well as eight other States, nine Indian tribes and 14 BIA offices, has been given access to detailed information through the State and Tribal Support System (STATSS). This system was implemented on April 30, 1986. It provides access to line-by-line Auditing and Financial System (AFS) data via terminals and remote personal computers through a series of online computer screens and financial reports. Wyoming was given access to STATSS in April 1986 and has been an active user of the system.

October Indian Allottee Royalty Payment

Assertions:

"Royalty checks in October arrived late for Indians across the country.
"MMS sent the money to BIA's Albuquerque repository Oct. 19, three days late. Then, the BIA had problems getting the money out to area agencies.
"Sam Wilson, spokesman from the MMS Lakewood, Colo., office, said the checks were sent out on a Monday instead of a Friday because of some problems with a new computer.
"'They didn't consider that as late,' he said."

Response:

We disagree with the statement that MMS was 3 days late sending money to BIA's Albuquerque office. The MMS notifies BIA of royalties received at MMS within 24 hours of receipt. At that time, the royalties are available to BIA for investment. The MMS then provides distribution information via computer tape to BIA twice each month. The BIA processes the information and determines the amounts to be disbursed to each Indian allottee. Although the MMS distribution tape is transmitted at mid-month and month-end, the date of the mid-month transmission varies each month depending upon workload and computer scheduling. The following list depicts the dates MMS sent the mid-month tape from January 1987 through November 1987:

Month	Date Mid-Month Financial Distribution Report Tape Transmitted to BIA
Jan	1/15/87
Feb	2/20/87
Mar	3/19/87
Apr	4/16/87
May	5/14/87
Jun	6/18/87
Jul	7/16/87
Aug	8/20/87
Sep	9/17/87
Oct	10/19/87
Nov	11/19/87

As this list shows, monthly distribution tape dates vary from month to month. The October tape was originally scheduled to be transmitted on October 16. However, as a result of a problem we discovered on October 13 with software recently converted to the new IBM computer, we decided to transmit the tape on Monday, October 19 instead of Friday, October 16. This resulted in a delay of 1 business day.

Computer Costs

Assertions:

"After adding a roomful of mini-computers to expand the computer capacity at a cost of $50 million, another $32 million was spent on a larger IBM mainframe."

Response:

We disagree with the computer costs cited in the Tulsa Tribune article. The $50 million cost cited for the mini-computers includes operations and maintenance costs dating back to Fiscal Year (FY) 1981 for three separate RMP systems, which would have been incurred regardless of the computer system originally chosen. Also, while costs associated with the new computer were estimated at $32 million, actual costs were about $23.6 million for new mainframe computer hardware, conversion of the AFS, and operations and

maintenance costs. Had the RMP systems originally been implemented on a mainframe computer instead of VAX minicomputers, the primary cost savings to the government would have been $4.3 million for VAX hardware and $4.2 million for conversion, a total of $8.5 million. Most of the other costs would have been incurred in either case.

Product Value Guidelines - Statements by Jerry Hill

Assertions:

"MMS is bracing for protests from states and tribes on the new guidelines.

"'They are concerned their money will drop and that is legitimate,' said MMS Lakewood director Jerry Hill.

"'But we don't see our charge as one to maximize income.

"'If you get the money now and then industry reaches its economic limit, you get less money overall.'"

Response:

Mr. Hill's comment that, ". . . we don't see our charge as one to maximize income," appears to be taken out of context. Mr. Hill commented that, in the context of product value regulations, MMS does not believe it should maximize income in the short term at the expense of long term income. It is MMS's policy to require companies to pay the full amount of royalties due under the lease terms and regulations.

Audit Collections by the State of Wyoming

Assertions:

"Wyoming officials have identified $32 million in underpayments for that same time period." [1981 through 1986]

Response:

Since inception of the joint audit program through September 30, 1987, Wyoming has collected about $25.8 million in "underpayments" and $6.7 million in interest charges, for a total of $32.5 million. They are doing a good job; that is what MMS pays them to do under their delegated audit agreement.

Audits by the State of Oklahoma

Assertions:

"Oklahoma never had audited federal leases until it began a three-year audit cycle of the 560 now producing. It has a cooperative arrangement with MMS which provides funds and reviews the results.

"So far, state auditors have identified $1.2 million in underpayments after auditing one-quarter of the leases. Most of the underpayments are from gas companies."

Response:

Research of our records shows that the State of Oklahoma (Oklahoma) has audited 28 Federal leases and identified findings of about $500,000. An Oklahoma representative informed us the $1.2 million represents findings on State and Federal leases. Oklahoma does not audit Indian leases; these are audited by MMS.

Berdena Holder

Assertions:

"'She [Berdena Holder] has brought audit situations to our attention where we found more money was owed. There are also situations where she's gotten confused. I can certify that she is not always right,' said William Bettenberg, head of the U.S. Minerals Management Service which audits royalty accounts."

Response:

Ms. Holder owns a royalty interest in three leases. The MMS has performed audits and desk reviews responding to Ms. Holder's questions relative to each of her leases and, in some cases, additional royalties were due.

During a July 1986 meeting of the Royalty Management Advisory Committee, Ms. Holder publicly claimed that her royalty payments were not timely and asked questions about her payments. Review of this matter by MMS disclosed that the royalty payments in question were paid timely. These findings were discussed with Ms. Holder by MMS representatives and were formalized in a written response to her from the Director, MMS, dated September 9, 1986.

Ms. Holder has also raised questions on behalf of other allottees which have sometimes led to collections of additional royalties.

Eddie Jacobs

Assertions:

"Eddie Jacobs of Oklahoma City is a board member who has received more than $20,000 in underpayments from energy companies after he insisted MMS audit the leases."

Response:

MMS audited four leases belonging to Mr. Jacobs. These audits resulted in underpayment and interest collections totaling $21,349. Mr. Jacobs requested the audits through BIA, which is the standard procedure used by allottees as established in the BIA/MMS Indian Lease Audit Strategy. Under the Audit Strategy, BIA acts as the central point of contact for Indian tribes' and allottees' inquiries on their mineral rental and royalty payments. The BIA then attempts to resolve the inquiries through research and review of available information in its records/systems. Unresolved inquiries are forwarded to MMS for resolution through records research or audit.

Thomas Wahnee

Assertions:

"Thomas Wahnee, a Comanche from Fletcher, wanted to check his oil and gas lease payments in 1984.

"He was refused access to his own records unless he paid a search fee which he was told 'will probably exceed $1,000' to the Minerals Management Service, the government agency entrusted by law with keeping those records for him. The fee was reduced to $500 when his lawyer appealed.

"Following pressure by U.S. Rep. Mike Synar, D-2nd District, an audit was conducted and completed in May 1986 identifying $41,000 in underpayments and $15,000 in late payments by the oil company to Wahnee and his uncle. That money was sent to the BIA to distribute in January of this year, but Wahnee still has not been paid.

"More than three years after his inquiry, the money is being withheld while the oil company appeals the audit results."

Response:

The MMS maintains royalty payment information by payor and lease for Federal and Indian leases. It does not have information by individual Indian allottee. The MMS sends detailed lease information to BIA, which distributes the royalty payments and maintains individual allottee records. Production information for onshore Federal and Indian oil and gas leases is currently collected by BLM.

Thomas Wahnee's lawyer, Gregory Gore, contacted MMS by letter dated August 31, 1984, asking for, in part, ". . . any and all documents or records concerning the aforementioned lease and oil and gas well including ~~but~~ not limited to royalties paid to Mr. Wahnee since the date of the lease and all production information furnished to MMS or the USGS by unit operators, payors, lessees, assignees or any other person or entity concerning production for which he receives royalties from the date of his lease." Mr. Gore requested this information under the Freedom of Information Act (FOIA) and the Privacy Act and requested a fee waiver.

The MMS did not apply the Privacy Act to this request because that Act pertains to information retrievable by an individual's name or similar identifier, which MMS does not have. Under FOIA, MMS must charge user fees for document searches, clerical assistance, and copying costs incurred in responding to the request. The MMS responded to the Wahnee request on September 20, 1984, and informed Mr. Gore that the cost of the search would approximate $1,000. The lawyer wrote again with additional information to assist in the search and again requested a waiver of fees. The MMS response advised that he was not entitled to a fee waiver and reduced the estimated cost of the search to $500 because of the additional information provided.

On November 26, 1984, Mr. Gore filed a FOIA and Privacy Act appeal of MMS's fee waiver denial. The Department Solicitor determined that a fee waiver was not appropriate but suggested that MMS try to narrow the scope of the request in order to reduce the search costs. The Department informed Mr. Gore in April 1985 that his fee waiver appeal was denied, and MMS followed up with a letter asking for information to further narrow the request. No additional information has been requested.

The MMS audited two leases in which Mr. Wahnee owns a royalty interest for the period July 1982 through February 1984. The audits were requested by BIA on behalf of Mr. Wahnee. They disclosed that gas royalties were undervalued, and an additional $41,308 in royalties was due. The MMS collected the additional royalties plus late payment charges of $15,581. These funds were distributed to BIA in January 1987. The payor subsequently appealed both billings. The BIA escrowed these funds awaiting a decision on the appeals.

Mary Limpy

Assertions:

"Mary Limpy, a Cheyenne-Arapaho whose royalty payments dramatically decreased in 1983, filed suit in federal court with other Oklahoma Indians in 1985 asking for timely checks and an explanation of the payment.

"She and her three children were evicted from their apartment four times and set up housekeeping in a van, according to a lawsuit filed in the U.S. court, western district of Oklahoma.

"Her story was told before a congressional subcommittee in April 1985.

"'Right now she doesn't even have a van to live in,' her lawyer testified. 'She lost it to a garage when she couldn't afford to pay the bill.'

"Yet, for the five months prior to the hearings, the gas well in which she held an interest had conservatively grossed $247,000."

Response:

Audits of four leases in which Mary Limpy holds an interest, as well as other audits, were initiated as a result of a civil action (David Kauley, Mary Limpy, and Thelma Haag vs. The United States of America and William P. Clark as the Secretary of the Interior) filed December 14, 1984, in the United States District Court for the Western District of Oklahoma. This civil action is still in process.

Royalty collections for the four leases for the 6-year period ending October 1985 were $784,241, of which Ms. Limpy's share was $381,331. The MMS audits for these leases covered the same 6-year period and resulted in additional royalty collections and interest, of which Ms. Limpy's share was $77,213 and $17,727, respectively. A review of MMS records shows that royalty and audit collections for the 6-year period were transfered to BIA. We are advised by the BIA that Ms. Limpy was paid her share of all monies transfered to BIA.

REMARKS OF SENATOR INOUYE

Senator REID. Senator Inouye?

Senator INOUYE. Thank you very much, Mr. Chairman. I thank you for this opportunity to be with you this morning as we study the fiscal year 1989 budget request for the Minerals Management Service of the Interior Department.

As you must be aware, Mr. Chairman, coming from an insular State, I'm very much interested and concerned about the role of Hawaii and the coastal States in the development of ocean resources in the EEZ.

I know much study must be made as to the legal jurisdictional matters to be resolved, but I hope that the Department will be able to address some of the concerns of the coastal States and recognize the joint management role that the coastal States should play as the DOI proceeds to promulgate regulations for this program.

MARINE HARD MINERAL LEASE SALES

Mr. Chairman, I have a series of questions I'd like to submit to Mr. Bettenberg for his reponse, but I have just three rather simple ones which many of us in Hawaii would like to get some information on.

First, when does the Department of the Interior plan to issue a final environmental impact statement for the marine mineral lease sale for Hawaii and Johnston Island?

Mr. BETTENBERG. I don't have a specific date, but my understanding is that we contracted the project out to the State, as you know. My understanding is that they're working on that at this point, so I would think that it would be probably sometime this summer that they would have completed the final environmental impact statement.

Senator INOUYE. When do you realistically expect to issue a lease under this program, the Hawaii-Johnston Island program?

Mr. BETTENBERG. We have authority for leasing offshore with the State of Hawaii, but we don't have authority for leasing off Johnston Island.

I don't think that a sale is tenable without the area around Johnston Island, frankly. So, my vision at this point is until we get the legal jurisdiction cleared up, it's probably untimely to proceed to a sale. So I

think we will have completed the environmental impact statement and we'll be prepared to move to a sale at such point as those sorts of issues are resolved. However, I don't think that we would be able to do so until Congress has acted.

Senator INOUYE. You thought it was wise to prepare an EIS even if you don't have the authority?

Mr. BETTENBERG. Well, at the time that the EIS was started jointly with the State of Hawaii, I think the vision was that Congress probably wouldn't have a problem passing some legislation that incorporated Johnston Island in the range of opportunities that we have for leasing.

It's turned out that that is essentially hostage to perhaps more grandiose schemes in terms of new legislation for hard minerals leasing on the EEZ. So, that hasn't come about.

In the meantime, it wasn't that much of an addition for the State to incorporate the area around Johnston Island into the environmental impact statement. And we worked very closely with the State on that.

Senator INOUYE. Well, I thank you very much, Mr. Bettenberg. I'll be submitting a series of questions and I hope that you can respond to them.

Mr. BETTENBERG. OK. If I could just add a footnote. Your comments on the joint management role of the State is something that we understand very well. We've had discussions with the State on it. Steve Griles, our Assistant Secretary, will be meeting with the Governor next month to go over that and to see what the art of the possible is.

We're fairly encouraged that we ought to be able to figure that out.

Senator INOUYE. I should point out that we are most grateful to you for the steps being taken to bring this about.

Mr. BETTENBERG. We appreciate it.

Senator INOUYE. And Mr. Chairman, I thank you very much.

OUTER CONTINENTAL SHELF REVENUES

Senator REID. Thank you for being here, Senator Inouye.

Mr. Bettenberg, the Outer Continental Shelf oil and gas program is a big revenue-generator for this country.

Mr. BETTENBERG. Yes.

Senator REID. The President's budget projects $3.9 billion in royalties, bonuses, and rents for 1989. This figure represents an increase of 22 percent over the estimates for the current year.

Is this a realistic figure?

Mr. BETTENBERG. Yes; we think so. But you should understand that the $3.9 billion wouldn't include the amounts in escrow that get released.

I have to run my mind over the sales that we have scheduled next year. The royalties are probably a very realistic figure. The bonuses are——

Senator REID. Excuse me. Does this $3.9 billion reflect increased petroleum prices or how do we arrive at the figure?

Mr. BETTENBERG. Well, there's only a slight increase in offshore royalties. It looks to me like about $200 million. That would probably include some small price increase, but not a large percentage. From that figure, it looks to me like it must involve some part of the escrow payments as well. There are two different pockets of escrow payments. About $400 million is in each of those pockets compared to zero for this year.

Senator REID. Is that the one that depends on the court case being settled?

Mr. BETTENBERG. That depends on a court case on boundary litigation with Alaska before the Supreme Court.

Senator REID. I guess what I'm asking is that in the budgets that we've gone over where administration officials have come in and testified, whenever we talk about receipts, they're real high.

Mr. BETTENBERG. OK.

Senator REID. And whenever we talk about expenditures, they're real low. And, of course, it's obvious that that's to make the deficit look smaller.

Mr. BETTENBERG. As the former budget director for the Interior Department, I understand that well.

Senator REID. Well, we need some information as to where this $3.9 billion comes.

Mr. BETTENBERG. Certainly.

Senator REID. For example, the court case, do we know that that is going to be decided so that that money can be released?

Mr. BETTENBERG. Well, I guess at this point we're hopeful that it should be. We think that everything should have been done. It's litigation that has been going on for a number of years. But we can't guarantee it. The money is in the bank, and so once the court makes the decision, then we can go ahead and register the money in the accounts.

It's not even a matter of not having the money. The money is there in escrow. It's a question of effectively releasing it either to the Federal Treasury or to the State.

Senator REID. So let's assume that will be released. And then, still—we're about $3 billion short of the $3.9 billion.

Mr. BETTENBERG. Well, the royalties come in every day of the week.

Senator REID. And they will be actually how much this year?

Mr. BETTENBERG. We're estimating for offshore royalties about $2.436 billion.

Senator REID. OK.

Mr. BETTENBERG. And for onshore royalties, about $736 million.

Senator REID. It's interesting, this is the first that I was aware of this bonus program. It's been around for a while, of course, but it's the first that I was aware of it.

How much of the $3.9 billion do you have for bonuses?

Mr. BETTENBERG. About $817 million of that is for bonuses.

Senator REID. So you do the $2.4 plus the $800 million.

Mr. BETTENBERG. Right. And then there's some escrow release in that. We did have some growth projected in the royalty figure, but only about 240 million dollars' worth of growth.

That will be very highly dependent on the price of oil at the time, and you need to be aware of that. The royalty is typically based on 16⅔ percent of the value of the oil and gas produced. Gas prices have been firming and going up recently, and if that continues, then I would expect those figures to hold up or even be exceeded.

The price of oil, which generates about one-third of our royalties, will be dependent on OPEC, frankly, and the extent to which they overproduce or restrain production.

Right now, over the last month or two, prices have gone down for oil and our royalties will have declined commensurate with that. But in years past, we've brought in as much as about $4 billion in royalties.

OUTER CONTINENTAL SHELF OIL AND GAS LEASING SCHEDULE

Senator REID. Information we have and from your statement indicates that you're planning to conduct seven oil and gas lease sales during 1989.

Mr. BETTENBERG. Right.

OUTER CONTINENTAL SHELF SALES 91 AND 96

Senator REID. How much bonus revenue would be lost if sale 91—that's northern California, which there is evidence that it may not go forward—were not conducted?

Mr. BETTENBERG. Let's see. The number that we have for northern California in our budget is $125 million.

Senator REID. What about sale 96, the north Atlantic?

Mr. BETTENBERG. The north Atlantic is listed at about $10 million right now. In the case of sale 91, I think it's worth noting that the timing on that sale was the result of a congressional settlement enacted in legislation in 1986 that provided that we could go forward with the sale in lieu of moratoria, but we could not put out a final notice until January of next year.

Senator REID. Have you already discounted these sales 91 and 96 estimated bonus receipts to some degree, based on an assumption that industry interest may be dampened by local opposition to these sales? If so, can you quantify this lost revenue to the Federal Treasury?

Mr. BETTENBERG. We do not discount the estimated bonus receipts based on assumptions that industry interest may be dampened by local opposition to sales 91 and 96. Instead, the bonus receipts are based on the sale configuration likely to exist when we hold the sale. If a sale is delayed, canceled, or substantially reconfigured before the sale is held, then we might revise the bonus receipt estimates assuming the resources expected to be leased changed substantially.

Senator REID. As I intimated, this California sale may not go forward and that, of course, is based upon the California delegation, which is the largest back here, you know.

Mr. BETTENBERG. Yes.

Senator REID. They've deferred it before and it certainly isn't out of reason that they'll do it again.

Mr. BETTENBERG. Well, we thought in 1986 that we had reached an agreement. We agreed to the schedule. Those who opposed leasing agreed to the schedule. So I would hope that they would uphold their end of the bargain, sir.

Senator REID. Well, let's hope it goes forward, then.

Mr. BETTENBERG. We are working very hard on that sale, looking at the environmental effects and so forth at this point, and working very closely with the Governor's office and the people that we deal with in the State of California.

Senator REID. Would you provide for the record your bonus estimates for each sale planned for fiscal year 1988, 1989, and 1990?

Mr. BETTENBERG. Surely.

[The information follows:]

OCS BONUS ESTIMATES

[Dollars in millions]

Sale No.	Date	Area	High bids	Percent in fiscal year 1988	8(g) to States	Budget estimate
Fiscal year 1988:						
112	8/87	Western Gulf of Mexico	234	90		[1] $212
97	3/88	Beaufort	20	100		20
113	3/88	Central Gulf of Mexico	250	100	7	243
92	1/86	North Aleutian	75	100		[2] 75
109	5/88	Chukchi Sea	10	100		10
115	8/88	Western Gulf of Mexico	220	60	1	131
Total					8	691
Fiscal year 1989:						
115	8/88	Western Gulf of Mexico	220	40	1	87
107	10/88	Navarin Basin	20	100		20
116	11/88	Eastern Gulf of Mexico	90	100		90
96	2/89	North Atlantic	10	100		10
91	2/89	Northern California	130	100	5	125
118	3/89	Central Gulf of Mexico	270	100	7	263
122	8/89	Western Gulf of Mexico	240	60	2	142
95	9/89	Southern California	300	20	2	58
SU1	9/89	Supplemental [1]	10	20		2
Total					17	797
Fiscal year 1990:						
122	8/89	Western Gulf of Mexico	240	40	1	95
95	9/89	Southern California	300	80	5	235
SU1	9/89	Supplemental [1]	10	80		8
121	10/89	Mid-Atlantic	30	100		30
101	2/90	St. George Basin	10	100		10
123	3/90	Central Gulf of Mexico	270	100	7	263

See footnote at end of table.

OCS BONUS ESTIMATES—Continued

[Dollars in millions]

Sale No.	Date	Area	High bids	Percent in fiscal year 1988	8(g) to States	Budget estimate
Fiscal year 1990—Continued						
117	5/90	Western Aleutian Basin	10	100		10
125	8/90	Western Gulf of Mexico	240	60	2	142
114	9/90	GOA/Cook Inlet	10	20		2
SU2	9/90	Supplemental[2]	10	20		2
Total					15	797

[1] The States received their portion of 8(g) revenue in fiscal year 1987.
[2] Bids received January 1986 are being held unopened pending resolution of litigation which is assumed to occur in fiscal year 1988.

LEASE SALE DATE

Senator REID. What is the present date lease sale 95, southern California, is expected to occur?

Mr. BETTENBERG. The revised date for this sale is January 1990. It has been delayed from its original sale date of September 1989 because of the extra time needed to adequately respond to the extensive public input into California sale 91.

Senator REID. Since the new date is beyond the end of the fiscal year, what impact will this delay have on projected receipts next year?

Mr. BETTENBERG. The fiscal year 1989 receipts will decrease by the estimated bonuses for this sale. Likewise, the bonus estimates for fiscal year 1990 will increase.

OUTER CONTINENTAL SHELF ENVIRONMENTAL STUDIES

Senator REID. The Congress provided an additional $900,000 to accelerate environmental studies this year. To what sales is this money being applied, and how might this funding help reduce OCS leasing conflicts in those areas?

Mr. BETTENBERG. The money is being applied to areas in Florida and the Washington-Oregon area. In both cases, we've accelerated studies that otherwise would begin next year, so that the information from those studies will be available earlier. The more information we have, obviously, the easier it is to make decisions with regard to including acreage or leaving acreage out.

Senator REID. Would additional funding to accelerate environmental studies be useful this year?

Mr. BETTENBERG. I have to probably give you a somewhat philosophical response to that.

The environmental studies program is a program that operates essentially at a level of effort in the range of about $20 million a year right now. It's always better to have more information sooner, but it's not always necessary to have all information that you might visualize at the time of a sale.

In fact, we conduct a program that visualizes—that we will conduct studies both before a sale and after a sale and as development progresses. We're moving some of the program at this point into monitoring of postsale activities.

It's a program that can be expanded. I would like to not see it change much. But would it be helpful to accelerate some studies? Sure, that can be useful.

Senator REID. What percentage of your OCS environmental studies request for this year—that's about $22 million—is associated with prelease activities and what percent is for postlease work?

I think what would be helpful is if you could provide for the record a graph which compares these percentages over, say, the last decade, the last 10 years.

Could you do that?

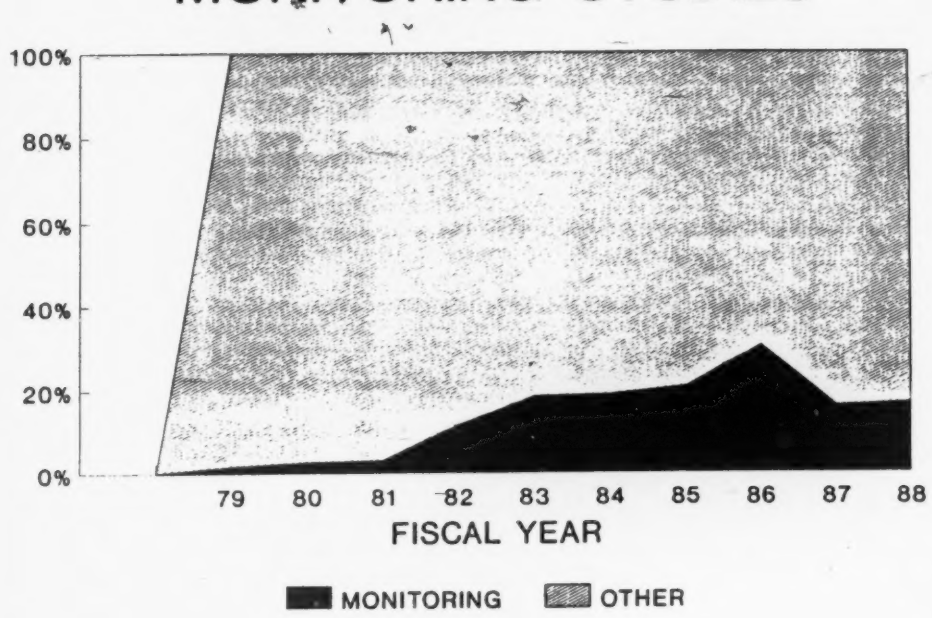
Mr. BETTENBERG. Surely.

[The information follows:]

COMPARISON OF PRELEASE AND POSTLEASE STUDIES

We have indicated, in the fiscal year 1989 budget justification, that postlease studies now play an increasing role in the Environmental Studies Program. These studies focus on possible long-term, low-level impacts which, if present, remain to be more clearly defined. Since several of the issues that are identified as areas of concern during prelease activities can only be studied in a postlease setting, such studies necessarily cannot be described as strictly prelease or strictly postlease. With few exceptions, most of such studies can be used for both prelease and postlease information needs. For example, the Georges Bank monitoring program studied postlease activities (exploration drilling); but the data generated was and is useful to both prelease and postlease decisions. As a result, it is impossible to indicate a precise percentage of the program that is strictly prelease or postlease. As an approximation, we have prepared a graphic which identifies monitoring efforts. These site-specific studies are typically multiyear efforts which characterize changes in the environment subsequent to leasing. Types of monitoring include biological and chemical studies around platform sites, surveys of endangered whales, air-quality surveys, and surveys of socioeconomic changes. The graphic provides a rough indication of the overall program trend to increase emphasis on the documentation of impacts from production and postproduction (for example, platform removal) activities. It is an underestimate of all postlease efforts since many studies provide data for both prelease and postlease decisions, but represents the best estimate of the overall trend. In fiscal year 1988, we estimate that 17 percent of our budget will be associated with monitoring efforts.

We feel, however, that it is appropriate to shift emphasis away from the conduct of general descriptive studies, except in frontier areas, toward process oriented studies which will provide information on real or perceived development and production related impacts. These types of studies have been recommended by the National Academy of Sciences in "Oil in the Sea" and by Boesch and Rabelais in "The Long Term Effects of Offshore Oil and Gas: An Assessment and a Research Strategy."



PRELEASE STUDY

Mr. BETTENBERG. Just as a general matter, you should be aware that virtually every prelease study is also helpful for postlease activities.

Senator REID. I understand.

Mr. BETTENBERG. So it will be difficult to categorize some. In fact, most studies at this point are effectively used for both because in most areas, we've already held lease sales and have leases out there.

Senator REID. OK.

Mr. BETTENBERG. At the same time, we have operations going out there, either exploration or production, and we continue to prepare EIS's that cover both.

Senator REID. In order of priority, could you provide a list of all environmental studies proposed by headquarters regional directors or State officials for 1989, fiscal year 1989, and indicate what portion of this list can be met within the funding requested for 1989?

So you'll supply this for the record.

Mr. BETTENBERG. OK. I'll have to check. I doubt if we have prepared the priority list for 1989 yet, but we do have one that's in complete priority order for 1988. That will show you where we've drawn the line.

Senator REID. Do that for 1988. It will be a lot quicker for your being able to supply that.

Mr. BETTENBERG. OK.

Senator REID. In that regard, we also ask that you explain the need for conducting the last five funded studies and rationale for deferring the first five unfunded studies on this list, and on this we're going back

to 1988 rather than 1989. And identify the estimate funding requirements for each study.

OK?

Mr. BETTENBERG. Surely.

[The information follows:]

OUTER CONTINENTAL SHELF ENVIRONMENTAL STUDIES PROGRAM FISCAL YEAR 1988 NATIONAL STUDIES LIST

The studies planning process begins with a solicitation to the public, Government officials, and any other interested parties for identification of information needs that could logically be addressed through the Environmental Studies Program. These information needs are reviewed extensively; some of them are combined into proposed studies, others may be dismissed for a variety of reasons. As a result of this activity, a preliminary compilation of the fiscal year 1988 national studies list [NSL] was prepared in March 1987. This list included 104 projects with an estimated budget of $31 million.

The preliminary NSL is compiled assuming an unconstrained budget, with studies ranked by their respective regional offices. Subsequent versions of the NSL are developed based on advice from the OCS Advisory Board's Scientific Committee and headquarters reviews which focus on establishing priorities based on national overview and other technical considerations. The approved NSL (dated October 22, 1987) is provided below. It indicates that we supported $21,865,000 or approximately 66 percent of the projects originally proposed.

The NSL is divided into two basic groups: continuations and all other studies. We believe that, under ordinary circumstances, such as continuing information needs, we must meet contractual obligations and view those studies as first priority. The National Oceanic and Atmospheric Administration OCS Environmental Assessment Program [NOAA/OCSEAP] continuations, for which we have a 5-year basic agreement, are also included in this category. Other interagency agreements are ranked with new starts according to priority based on the premise that there is no contractual obligation to continue them. The ordering of studies within a particular rank is only important if that rank straddles the funding threshold. In that case, we reach consensus within MMS on priorities within that particular rank based on the individual merits of the proposed studies as well as their relationship to the national program. Comments on these studies, from the Scientific Committee, weigh heavily in these determinations. In fiscal year 1988, the funding limit coincided with the end of a rank so no additional queuing was necessary. The five studies immediately below the funding threshold were deferrable based principally on timing considerations of the studies relative to leasing/development activities in the particular planning areas. The studies immediately below the funding threshold are:

Region	Study titles	Estimated cost
Alaska	St. Paul/St. George case study	$250,000
Alaska	Preparation of a handbook of Alaska oil/gas industry air pollutant emissions and related equipment	88,000
Atlantic	Water quality parameters affecting shelf-edge ecosystems	250,000
Atlantic	Onshore impacts of offshore oil/gas exploration/developments/production on the Atlantic OCS	200,000
Alaska	Background air quality in probable production areas	200,000

FY 1988 NATIONAL STUDIES LIST

revised: 04/15/1988

NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
1.	Atlantic (Lang)	M		Site Specific Monitoring of Marine Mammal Activities in the Atlantic OCS Lease Sale Areas		CONTINUATION		N. Atlantic
2.	Headquarters (Parry)	M		Support for OCS Advisory Board - Scientific Committee		CONTINUATION		All Regions
3.	Headquarters (Cohen)	M		Evaluation of the OCS Environmental Studies Program by the National Academy of Sciences		CONTINUATION		All Regions
4.	Pacific (Drucker)	C		Photochemical Model Evaluation, Year 1 and 2		CONTINUATION		S. California C. California N. California
5.	Alaska (Cohen)	I		Arctic Fish Habitats and Sensitivities		CONTINUATION		Beaufort Sea
6.	Alaska (Prolman)	M	SE	Social Indicators Monitoring		CONTINUATION		All Alaska
7.	Alaska (Cohen)	I		Coastal Fisheries Oceanography of the Southern Bering Sea and North Aleutian Basin		CONTINUATION		N. Aleutian St. George Shumagin
8.	Alaska (Lang)	I		Immediate and Long-Term Responses of Marine Birds (Black Brant) to Oil and Gas Activities		CONTINUATION		N. Aleutian St. George Navarin
9.	Alaska (Drucker)	I		Beaufort Sea Mesoscale Circulation		CONTINUATION		Beaufort Sea Chukchi Sea

FY 1988 NATIONAL STUDIES LIST

revised: 04/15/1988

NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
10.	Alaska (Prolman)	M	SE	Commercial Fisheries Harvest Data		CONTINUATION		N. Aleutian St. George Navarin
11.	Alaska (Prolman)	M	SE	Wage and Salary Employment Data		CONTINUATION		All Alaska
12.	Alaska (Drucker)	I		Arctic Ocean Buoy Study		CONTINUATION		Beaufort Sea Chukchi Sea
13.	Alaska (Drucker)	I		Circulation Modeling and Oil Spill Risk Analysis - NOAA/OCSEAP		CONTINUATION		All Alaska
14.	Alaska (Drucker)	C		Circulation Modeling and Oil Spill Risk Analysis - MMS		A2B2		All Alaska
15.	Alaska (Prolman)	C	SE	Institutional Profile Analysis - North Slope		A2B2		Beaufort Sea
16.	G.O.M. (Ahlfeld)	M		Mississippi-Alabama Shelf Marine Ecosystems Synthesis		CONTINUATION		E. G.O.M. C. G.O.M.
17.	Pacific (Drucker)	M		Northern California Coastal Circulation Study, Year 3		CONTINUATION		N. California
18.	Pacific (Ahlfeld)	M		Monitoring: Assessment of Long Term Changes in Biological Communities - Phase 2, Year 4		CONTINUATION		S. California C. California N. California
19.	Pacific (Ahlfeld)	M	FE	Adaptation of Marine Organisms to Chronic Hydrocarbon Exposure, YR. 4		CONTINUATION		All Regions

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
20.	Headquarters (Ahlfeld)	M		Archiving and Curating Biological Specimens		CONTINUATION		All Regions
21.	Atlantic (Cohen)	M		A Synthesis of Information on the Potential Impacts of Fish and Shellfish Species from Oil and Gas Activities		CONTINUATION		All Regions
22.	Alaska (Lang)	C		Development of a Tag to Monitor Migratory Patterns and Habitat Use of Marine Mammals		CONTINUATION		All Regions
23.	Alaska (Ahlfeld)	I		Bering Strait/Hope Basin Habitat Characterization and Utilization		CONTINUATION		Hope Basin Norton Basin
24.	Alaska (Lang)	I		Acquisition and Curation of Marine Mammal Tissues for Determining Levels of Contaminants Associated with Offshore Oil		CONTINUATION		All Alaska
25.	Headquarters (Cohen)	M		Review of Selected Fisheries Issues - Year 2		CONTINUATION		All Regions
26.	G.O.M. (Cohen)	M		Panama Oil Spill Study		CONTINUATION		All Regions
27.	Alaska (no contact)	I		Environmental Data Support		CONTINUATION		All Alaska
28.	Alaska (Sieber)	I		Remote Sensing Data Acquisition and Analysis		CONTINUATION		All Alaska

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
29.	G.O.M. (Ahlfeld)	M		Coastal and Offshore Environmental Analysis Program		CONTINUATION		All G.O.M.
30.	G.O.M. (Prolman)	M		Gulf of Mexico Information Transfer Meeting/Physical Oceanography Workshop		CONTINUATION		All G.O.M.
31.	G.O.M. (Aurand)	A		Mitigation of Wetland Impacts due to OCS Oil and Gas Activities		CONTINUATION		C. G.O.M. W. G.O.M.
32.	Atlantic (Lang)	M		Published Synthesis of Information on the "Effects of Oil on Marine Mammals"		CONTINUATION		All Regions
33.	Atlantic (Lang)	M		Synthesis of Information on the "Effects of Noise on Marine Mammals"		CONTINUATION		All Regions
34.	Alaska (Lang)	M		Normal Behavior of Davis Strait Bowhead Whales: A Control Group for the Western Arctic Stock		CONTINUATION		Beaufort Sea Chukchi Sea Hope Basin Navarin Norton
35.	Alaska (Prolman)	M		Conference and Reports on MMS Results		CONTINUATION		All Alaska
36.	Alaska (Lang)	I		Effects of Oil on Settling, Recruitment, and Survival of Amphipods: Important Food of Whales		CONTINUATION		Chukchi Sea Norton N. Aleutian

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
37.	Atlantic (Drucker)	M		Implementation of North Carolina M.O.U. - Field Program (yr. 2)		CONTINUATION		M. Atlantic S. Atlantic
38a.	Alaska (Lang)	M		Aerial Survey of Endangered Whales in the Bering, Chukchi, and Beafort Seas (NOSC)		A1B1		Beaufort Sea Chukchi Sea Hope Basin Norton Navarin
38b.	Alaska (Cimato)	I		Aerial Survey of Endangered Whales in the Bering, Chukchi, and Beaufort Seas (OAS)		A1B1		Beaufort Sea Chukchi Sea Hope Basin Norton Navarin
38c.	Alaska (Lang)	O		Aerial Survey of Endangered Whales in the Bering, Chukchi, and Beaufort Seas (Misc./MMS Services)		A1B1		Beaufort Sea Chukchi Sea Hope Basin Norton Navarin
39.	Headquarters (Drucker)	C		Updating and Maintenance of the OCD Air Quality Model		A1B1		All Regions
40a.	G.O.M. (Lang)	I		Effects of OCS Oil and Gas Activities on Endangered and Vulnerable Turtles in the G.O.M.		A1B1		All G.O.M.
40b.	G.O.M. (Lang)	C	ES	Response of Sea Turtles to Low Frequency Acoustic Waves		NO RANKING		All G.O.M.

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
41.	Pacific (Lang)	C		Population Status of California Sea Otter: The Santa Maria Basin Subpopulation		A1B1		
42.	G.O.M. (Burke)	C		Long-Term Monitoring at Selected Topographic Features and Representative Marine Ecosystem Sites		A2B1		
42a.	G.O.M. (Ahlfeld)		BI	Workshop on Long Term Monitoring		A2B1		All G.O.M.
42b.	G.O.M. (Ahlfeld)		BI	Monitoring at Flower Gardens		A2B1		All G.O.M.
43.	Alaska (no contact)	I		Synthesis and Information Update Meeting and Report Publication		A2B1		All Alaska
44.	Pacific (Drucker)	I		Operation of a West Coast Meteorological Data Buoy Network, Year 4		A2B1		All Pacific
45.	Headquarters (Cimato)			Program Quality Assurance		A2B1		
46.	Pacific (Drucker)	C		Fugitive Hydrocarbon Air Emissions on OCS Platforms		A2B1		

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
47.	Headquarters (Cimato)	I		National Bureau of Standards Project to Develop Standard Reference Materials for Marine Sediments and Tissues of Marine Organisms - Phase 2		A2B1		All Regions
48.	Alaska (Cimato)	I		Chemical Quality Assurance		A2B1		All Regions
49.	Atlantic (Drucker)			Use of Satellite Tracked Drifting Buoys to Simulate the Movement of Spilled Oil		A2B1		All Regions
50a.	Alaska (Prolman)	N	SE	Subsistence Mapping in the Bering Sea Region - Data Purchase		A2B2		Norton N. Aleutian St. George Navarin
50b.	Alaska (Prolman)	C	SE	Subsistence Mapping in the Bering Sea Region - Field Work		NO RANKING		
51.	Alaska (Lang)	I		Monitoring Populations and Productivity of Alaskan Seabird Colonies in Potential Development Areas		A2B2		Chukchi Sea Hope Basin Norton St. George Navarin

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
52.	Alaska (Drucker)	C		Shoreline Segment Characteristics Handbook for Smear Model Application		A2B2		All Alaska
53.	Alaska (Lang)			Bowhead Whale Book		A2B2		Beaufort Sea Chukchi Sea Hope Basin Norton Navarin
54.	Pacific (Lang)	C		Marine Mammal and Seabird Surveys of Oregon and Washington		A2B2		Wash/Oregon
55.	Pacific (Sieber)	C	SE	California, Oregon, and Washington Archaeological Resource Study		A2B2		All Pacific
56.	Alaska (Drucker)	I		Performance Analysis, Compatibility, and Simulation Testing of Alaskan OCS Oil Weathering and Transport Related Models		A2B2		All Alaska
57.	Pacific (Drucker)	C		West Coast Surface Circulation Parameters Derived from Satellite Imagery		A2B2		
58.	G.O.M. (Cimato)	N		Fate and Effects of Nearshore Discharges of OCS Produced Formation Waters		A2B2		All Regions
59.	Pacific (Cohen)	C		Seismic Effects on Fish Catch		A2B2		All Regions

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
60.	Pacific (Cohen)	I		An Evaluation of Spawing and Recruitment Patterns of Fisheries Off Northern California, Oregon, and Washington		A2B2		N. California
61.	Pacific (Prolman)	C	SE	Site Specific Analysis and Industry Location Feasibilty Study for Development of Sale 91 Leases		A2B2		
62.	Pacific (Cohen)	N		Pacific OCS Region Fisheries Resource Database		A2B2		All Pacific
63.	G.O.M. (Ahlfeld/Cohen)	N		Toxity of Oil, Chemically Dispersed Oil, and Chemical Dispersants to Eggs and Larvae of Selected Commercial and Recreational Fisheries, Sea Turtles, Corals,Seagrasses, and Mangroves		A2B2		E. G.O.M. C. G.O.M.
64.	Alaska (Lang)	C		Effects of Production Activities on Bowhead Whales		A2B2		Beaufort Sea Chukchi Sea Hope Basin Norton Navarin
65.	Atlantic (Ahlfeld)	N		Workshop on the Evaluation of Depositional Environments in Submarine Canyons of the North Atlantic Continental Slope		A2B2		N. Atlantic

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
66.	Headquarters (Sieber)	I		Bathymetric Maps		A3B1		All Alaska
67.	Headquarters (Cohen)	M		National Research Council Marine Board Study: Monitoring		A3B1		All Regions
68.	Alaska (Lang)	I		Potential Impacts of Human Activities on Feeding Behavior, Energetics and Habitates of Molting Pacific Black Brants at Teshekpuk Lake		A3B1		
X1.	Headquarters (Drucker)		AQ	Acquisition and Adaptation of the PARIS/AIRSHED Ozone Model		87 Deferral		
X2.	Pacific (Drucker)	C	AQ	Initial Statistical Characterization of the Variability of Coastal Winds and Currents		NO RANKING		
X3.	Headquarters (Ahlfeld)	M	OT	OCS Study Abstracts		87 Deferral		
X4.	G.O.M. (Drucker)		AQ	Gulf of Mexico Regional Ozone Study		87 Deferral		
X5.	Atlantic (Ahlfeld)		OT	Synthesis of Available Biological, Geological, Chemical, Socioeconomic, and Cultural Resource Information for the South Florida Area		87 Deferral		

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
X6.	Atlantic (Drucker)	M	PO	Ocean Circulation Model for the U.S. Atlantic Coast and Florida Straits		NO RANKING		All Atlantic
X7.	Headquarters (Lang)	U	OT	BES Bibliographic Database Support		NO RANKING		All Planning Areas
X8.	Pacific (Drucker)	M	AQ	Production of a Data Archive for SCCCAMP		NO RANKING		S. California C. California
X9.	Headquarters (Thomas)	N	OT	National Science Foundation for Support to UNOLS		NO RANKING		
X10.	Pacific (Drucker)	M	AQ	SCCCAMP Data Analysis (Cost overrun)		NO RANKING		
X11.	G.O.M. (Drucker)	M	PO	Gulf of Mexico Physical Oceanography Program		NO RANKING		
X12.	Alaska (Lang)	M	ES	Monitoring the Movement of Whales by Satellite Tags		NO RANKING		
X13.	Atlantic (Lang)	N	ES	Right Whale Study in the South Atlantic (Winter, 1988)		NO RANKING		S. Atlantic
X14.	Pacific (Drucker)		AQ	Air Quality Impact Analysis for Northern and Southern California OCS Lease Sales		NO RANKING		N. California S. California
X15.	Pacific (Lang)	M	ES	Completion of Southern California Marine Mammal and Bird Risk Analysis		NO RANKING		

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
X20.	G.O.M. (Sieber)	M	SEC	Reevaluation of Cultural Resource Management Zone 1		NO RANKING		
X21.	Headquarters (Lang)	I	ES	Diving Patterns of Free Swimming Northern Elephant Seals - 2nd Year		NO RANKING		
X22.	Headquarters (Lang)	N	ES	Right Whale Recovery Project - Video Tape		NO RANKING		
X23.	Pacific (Cohen)	M	BI	Study of the Effects of Offshore Geophysical Acoustic Survey Operations on Important Commercial Fisheries		NO RANKING		
X24.	Headquarters (Samuels/Aurand)			North Atlantic Initiative/NRC		NO RANKING		
X16.	Alaska (no contact)	I		Kasegaluk Lagoon		NO RANKING		
X17.	Alaska (no contact)	I		Petroleum Seeps		NO RANKING		
X18.	Alaska (no contact)	I		Nutrient Dynamics		NO RANKING		
X19.	Alaska (no contact)	I		Yukon Delta Ecosystem		NO RANKING		
X25.	Pacific (Cohen)		BI	Seismic Effects on Eggs and Larvae of Dungeness Crabs		NO RANKING		N. California Washington/Oregon

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NSL	Area (HQ-Contact)	Type	Topic	Study Title	Cost Estimated (Awarded)	Rank	Cumulative Total	Planning Area(s)
XX.	Headquarters (Cimato)			Extra Funds for Acceleration of Stuties in Contrivertial Areas		NO RANKING		
X26.	Pacific (Cohen)		BI	Fish Assemblages of Rocky Banks of the Pacific Northwest		NO RANKING		Washington/Oregon
X27.	Headquarters (Middleton)	N	OT	Support for Oceans'88 Conference		NO RANKING		All Planning Areas
X28.	Headquarters (Havarian)	N	OT	Response to Petitioners' briefs filed in lawsuits against the DOI 5 Year Plan		NO RANKING		All Planning Areas
X29.	G.O.M. (Drucker)	M	PO	Gulf of Mexico Physical Oceanography Program, Year 5		NO RANKING		
X30.	Headquarters (Aurand)		OT	Acquisition and Distribution of Environmental Studies Program - related Reports		NO RANKING		All Planning Areas
XF.	Headquarters (Cimato)		OT	Forward Funding Reserve Account		NO RANKING		

FY 1988 NATIONAL STUDIES LIST
PROPOSED

*** FUNDING SUMMARY ***

		PERCENT OF TOTAL
TOTAL	$ 22,765,000	
FUNDING LIMIT	$ 22,765,000	
ALASKA	$ 7,250,728	32
ATLANTIC	$ 1,095,488	5
GULF OF MEXICO	$ 3,741,490	16
PACIFIC	$ 7,803,495	34
WASHINGTON	$ 2,873,799	13

Agr.: I=IA C=Competitive M=Modification N=Non-Competitive
U=Unknown
Top.: BI-Biology, SE-Socioeconmics, ES-Endangered Species,
FE-Fates & Effects, PO-Physical Oceanography,
AQ-Air Quality, BL-Baseline, O-Other

LEASING AND ENVIRONMENTAL ASSESSMENT REQUEST

Senator REID. How much of the request for leasing and environmental assessment of $17,209,000 is directly related to environmental studies? How does this compare with previous years?

Mr. BETTENBERG. The portion of the leasing and environmental assessment request directly related to environmental studies is approximately 15.6 percent, or $2,686,000, in fiscal year 1989. The portion of the leasing and environmental assessment request was higher in fiscal years 1983, 1984, and 1985, 16 to 17 percent, but has been reduced as the Environmental Studies Program element has decreased. In fiscal years 1986, 1987, and 1988 the portion of the request directly related to environmental studies was approximately 15 percent.

Senator REID. The OCS leasing process provides substantial opportunity for interested parties to comment on any proposed sale before it occurs and on specific exploration and development plans after the sale.

OUTER CONTINENTAL SHELF LEASING PROCESS—STATE CONSULTATIONS AND RECOMMENDATIONS

Would you elaborate on the controls which a State has under the Coastal Zone Management Act?

Mr. BETTENBERG. Surely. There are actually two sets of controls.

Senator REID. How many miles do they extend off the State's coastline?

Mr. BETTENBERG. There are different distances depending on which set.

Senator REID. I see.

Mr. BETTENBERG. Let me break it down for you. Under section 19 of the OCS Lands Act, we have a provision under which the Governor of a State gets to comment and make recommendations with regard to three points in the process: the stage of leasing, the stage of exploration, and the stage of development.

By law, under section 19, we're required to accept the recommendations of the Governor if the Secretary determines that the recommendations provide an appropriate balance between the State's interests and the Federal interest.

For most States, that provision covers the area from 3 miles out to the edge of the Outer Continental Shelf, as defined in law. So that is for the Federal Outer Continental Shelf, in effect.

Now, in addition to that, if a State has a coastal zone management program under the Coastal Zone Management Act, every exploration and development plan must go to the State for a review. The State can have up to 6 months to review it and if the State in that review does not conclude that the proposal is consistent with their costal zone management plan, then the only way that activity can go forward is if it's overridden by the Secretary of Commerce.

That portion of the law covers the coastal zone as defined in the Coastal Zone Management Act which extends from some point inland, and it varies from State to State, to the seaward edge of State waters,

which for most States is 3 nautical miles, but for a couple of States it's 3 leagues.

OUTER CONTINENTAL SHELF SALT AND SULPHUR SALE

Senator REID. OK. Last month, the Service conducted its first non-energy sale on the Outer Continental Shelf in nearly 20 years.

What was the result of the salt and sulphur sale in the Gulf of Mexico?

Mr. BETTENBERG. We had put up roughly 50 tracts designed as logical mining units for the sale. We had bids on 14 of those tracts, bringing in a total of high bids of $15 million, roughly.

About six of those tracts were bid on competitively. In other words, different groups were bidding on them. There were some five companies involved in the bidding in various combinations. We consider it to have been a very successful sale.

NET RECEIPT SHARING

Senator REID. You're projecting onshore mineral receipts of $882 million for 1989. For the past 5 years, the administration has proposed to share with the States in which leasing occurred only the net receipts after program operation costs were deducted.

I want you to understand that I am not in favor of splitting the cost of program operations with the States. I don't want Nevada to lose some $900,000. But, I am curious why the administration chose not to propose this net receipts concept this year. Do you have any explanation for the decision reached this year? Is it because this is an election year?

Mr. BETTENBERG. The administration is not proposing net receipt sharing in the fiscal year 1989 budget consistent with last fall's budget summit agreement.

Senator REID. You have not proposed the net receipts concept in this year's budget. Is that right?

Mr. BETTENBERG. That's correct.

Senator REID. Why not?

Mr. BETTENBERG. It was prohibited by the Budget Reconciliation Act. Is that the title?

Ms. Carpenter. The budget summit agreement.

Mr. BETTENBERG. The budget summit agreement, at any rate.

Senator REID. Because that would be a revenue loser? Is that the reason?

Mr. BETTENBERG. Well, for the Federal Government, it would be a revenue enhancer.

Senator REID. That's right.

Mr. BETTENBERG. For the States, it would be a revenue loser.

Senator REID. OK. And anything that's a revenue loser to the country was not in the cards. That's what the Budget Reconciliation Act said, basically.

Is that right?

If, in fact, this were the case, how much loss would it be to the Federal Treasury?

Mr. LAMB. About $55 million.

Senator REID. A year?

Mr. LAMB. Yes; in 1989.

Senator REID. Yes; and that, of course, all depends on what the administration costs are.

Please identify yourself.

Mr. LAMB. I'm Robert Lamb from the Department's budget office.

Senator REID. You were introduced, but I couldn't remember your name, and certainly, the court reporter didn't, either.

We have a number of questions, including those of Senator Inouye, to submit to you and we'll do that in writing. We would ask that you respond as quickly as you can.

Senator Burdick is here. Senator Burdick I know is interested in our next hearing. I wanted to get to that so that he would have an opportunity to ask his questions in that regard.

Senator Burdick, do you have anything here today on this?

INDIAN LEASES

Senator BURDICK. Not really. I just notice in the testimony here that approximately 1,800 Indian leases had been audited and over $15 million additional Indian royalties and interest had been collected through 1987.

Mr. BETTENBERG. Yes, sir.

Senator BURDICK. How is that money disbursed?

Mr. BETTENBERG. It's disbursed to the tribes or, if you have an allottee involved, it's disbursed to the Bureau of Indian Affairs trust fund and the Bureau of Indian Affairs in turn disburses that to the individual allottee.

Senator BURDICK. What?

Mr. BETTENBERG. If it is for allotted lands, then we disburse the money to the Bureau of Indian Affairs trust fund and they, in turn, distribute the money to the individual Indian allottees, since they have the allottee records. Otherwise, we deposit it to the appropriate Federal account for the appropriate tribe, if it's tribal leased lands, or leased oil and gas.

Senator BURDICK. I noticed in glancing through this that there was some dispute about how things are handled in Indian country. There's an article published in one of the newspapers out there, the Arizona Republic, that says, there is fraud in Indian country.

Is the program running all right? What's this fraud all about?

Mr. BETTENBERG. Well, we're not sure what the fraud is all about. There was nothing in the Arizona Republic articles that I recall that referred to any fraud in the royalty management program.

Senator BURDICK. No specifics?

Mr. BETTENBERG. There were some specific allegations made. We've attached to our statement a response to all of those. The Arizona Republic chose not to run our response to the allegations.

Senator REID. It's too long. [Laughter.]

Mr. BETTENBERG. Well, the series of articles that they printed covered many pages for a full week. So you would think that if they had the space to cover that, they would have the space for a response.

Senator BURDICK. Listen, if you were a politician, that's no surprise. [Laughter.]

Publish a reply? [Laughter.]

Mr. BETTENBERG. I guess I'm probably not a very good politician.

It's been an interesting debate, if you will, on our royalty management systems. Let me characterize it the following way.

IMPROVEMENTS IN THE ROYALTY MANAGEMENT PROGRAM

At several points, a series of allegations have been made. They have usually been based on old information. The royalty management program was in serious trouble in the late 1970's and the early 1980's going beyond the creation of the Minerals Management Service. Some of the allegations are just wrong factually, as well.

Very substantial improvements have been made in the royalty management program. The General Accounting Office testified to that last year. I've quizzed our inspector general on how he thinks the program is going. He thinks that it's making great strides.

Each time allegations are made, we respond in detail to them. To date, to the best of my knowledge, not one single person has stepped forward to respond to our response and to challenge the details. All you see happening is that whatever was alleged the last time gets repeated in a new article and there's a new stir about it.

We've made very, very substantial progress in the royalty management area. We have what I would describe as a superb management team on board now which we didn't have 5 years ago.

We're making headway on a daily basis with regard to systems improvements. We have a number of those underway. We have been working with all of the constituencies to determine what kinds of improvements they would like to see made.

Senator REID. Mr. Bettenberg, what we're going to do is place your entire response in the record. I've seen the response that you've prepared to the newspaper articles. We'll place that in the record.

Mr. BETTENBERG. I appreciate that.

Senator REID. Just in closing, I thought you'd be interested to know that the largest producing oil well in the United States is in Nevada.

Did you know that?

Mr. BETTENBERG. I didn't know that.

Senator BURDICK. Do you know the best oil in the United States is produced in North Dakota? [Laughter.]

Senator REID. We have one well that produces over 6,000 barrels a day and it's not pumped; it's a free-flowing well.

Thank you very much for your testimony.

ADDITIONAL COMMITTEE QUESTIONS

There will be some additional questions which we will submit to you for your response.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Outer Continental Shelf

Question: To what activities do Coastal Zone Management authorities apply?

- Which States have passed coastal zone plans?

- Under what circumstances can the Secretary of Commerce override a State's veto?

Answer: Under the Coastal Zone Management Act the State reviews plans of exploration and plans of development and production that affect the land and water use of the designated State coastal zone (Section 307C(3)B).

The following States and territories have approved coastal zone management programs (plans):

Alabama	Hawaii	New Hampshire	Puerto Rico
Alaska	Louisiana	New Jersey	Rhode Island
American Samoa	Maine	New York	South Carolina
California	Maryland	North Carolina	Virgin Islands
Connecticut	Massachusetts	Northern Marianas	Virginia
Delaware	Michigan	Oregon	Washington
Florida	Mississippi	Pennsylvania	Wisconsin
Guam			

The Secretary of Commerce, under 15 CFR 930.130, can review the State consistency action and determine that the proposed Federal license or permits are consistent with the objectives or the purpose of the Coastal Zone Management Act, or are necessary in the interest of national security. If the Secretary of Commerce decides that the proposed activity is consistent with the purposes of the act, or is necessary in the interests of national security, then the Federal Agency may approve the activity.

OCS Rigs

Question: With respect to OCS drilling rig operations, what are your present responsibilities?

Answer: Before drilling operations commence, a plan is reviewed and approved to assure that MMS standards are included. Either a plan of exploration or a plan of development and production which describes the general activity to be conducted is reviewed for technical competency and environmental impacts. When a plan has been approved, an application for permit to drill (APD) is required for each well which describes in detail specifics of the drilling and completion proposal. The plans and APD's are reviewed by other Federal Agencies and State and local government units as appropriate. After operations commence, the rigs are inspected regularly to assure that all governmental requirements are being met.

Question: What impact would a "Buy America" amendment, such as that proposed by Congressman Regula, have on industry interest in leasing off the West Coast?

Answer: The Minerals Management Service is supplying information to the Office of Technology Assessment which is conducting a study seeking to quantify the answers to this question. The report is scheduled for completion in time for consideration of the FY 1989 appropriation bill.

Buy/Build America legislation would be expected to substantially increase costs to achieve development on the West Coast. Data submitted during the 1985-1986 International Trade Commission investigation focused on the last nine platform jacket and pile purchases on the West Coast (1982-1985). The winning bids, all submitted by foreign contractors, averaged $1,019/ton, delivered. The total cost to the lessees was approximately $259 million.

By contrast, the losing domestic bids on these same projects averaged $2,094/ton. If a Buy/Build America amendment had forced the lessees to accept the higher domestic bids, the costs for the jackets and piles would have totaled $533 million. We have no estimate of the financial burden that would be placed upon the petroleum industry by the necessity to keep records of costs and origin of materials.

Single piece jackets for water depths in excess of 700 feet cannot be fabricated in existing West Coast yards due to bridge height restrictions along the transport routes to the OCS. Environmental permitting and site preparation work for a new yard with full ocean access is estimated at 1-3 years.

Increased costs, combined with 1- to 3-year delays for site development could render some West Coast prospects uneconomic and force an unwarranted economic burden on the offshore oil industry. These increased costs would be likely to reduce interest in leasing and bonus bid revenues.

Question: How about the Gulf and Atlantic Coast?

Answer: Impacts on the Atlantic Coast are negligible, at least for the foreseeable future. New construction likely would be at least 10 years in the future even if lease sales were held in 1989.

In the Gulf of Mexico, existing fabrication yards can now handle, or could be upgraded to handle, any needed new construction. It is likely that the "Buy America" provision would make little or no difference to the oil and gas industry in the Gulf if the total platform, i.e., piles, jackets, and topside modules are considered as a unit. However, if the segments are separated, the requirement to use articles, materials, or supplies (at least 50 percent of which by cost shall have been mined, produced, or manufactured, as the case may be, in the United States) would be troublesome. The domestic steel industry is operating at capacity in supplying the kinds of steel needed for platform jackets and piles with back orders becoming a problem. Delays in obtaining the specialty steels may be more of a problem than additional cost. Finally, the

requirement to ship assembled jackets between United States ports (also applicable to shipment from a port to an OCS site) only on barges built in the United States impacts all new OCS operations as there are no such barges that can handle the very large platform jackets.

Exclusive Economic Zone

Question: Last month the Service conducted its first nonenergy sale on the OCS in nearly 20 years.

- What was the result of the salt and sulphur sale in the Gulf of Mexico?

Answer: The sale was a very successful one. There were 20 bids submitted on 14 mining units. Over 140,000 acres were bid on with total high bids exceeding $15 million. Of the five companies that qualified, all five submitted bids.

Question: There has been some concern in Congress about leasing of minerals within the Exclusive Economic Zone (EEZ), especially off Hawaii.

- Can you assure the Committee that you have no plans to hold lease sales off Hawaii in FY 1989?

Answer: At present there are no plans for an FY 1989 lease sale offshore Hawaii. Study of the area indicates the greatest commercial potential relates to cobalt crusts on the various seamounts in the vicinity of Johnston Island. This being the case, even if there were sufficient industry interest to justify a sale, the Minerals Management Service could not proceed because OCSLA jurisdiction does not extend beyond the 50 States to U.S. territories and possessions.

Question: Is it possible that you will conduct EEZ lease sales elsewhere in FY 1989?

- If so, where might such leasing take place?

Answer: The only lease sale currently planned for FY 1989 is in the Alaska OCS. The area of interest is near Nome, outside State waters in Norton Sound. The principal mineral of interest is gold, found in gold placers. Gold placer mining is currently underway in the State submerged lands.

Question: You have indicated in the past that you plan to follow essentially the same procedures for EEZ leasing as you follow for oil and gas leasing on the OCS.

- Does this mean that the Department intends to develop a five-year plan for EEZ leasing?

Answer: Actually, there will be many procedural differences between solid minerals and oil and gas leasing. A major common

thread is that solid minerals can only be leased by competitive sales with bonus bids which is how oil and gas leases are awarded. The Department does not intend to prepare a five-year plan for OCS/EEZ hard minerals leasing. Given the unknowns and uncertainties, it is much more appropriate in this area to pursue a case-by-case approach driven by or linked to clear commercial interest.

Question: Would the Service follow the same environmental review procedures that are used for OCS oil and gas program?

Answer: Basically, yes. The process will be primarily the one established by the National Environmental Policy Act for Federal decisions potentially affecting the environment. The review procedure will be a balancing of benefits of the commercial venture against the environmental consequences. The environmental review process is being clarified in the soon-to-be-proposed leasing and operating regulations for OCS hard minerals.

Question: An OCS sale often takes between two-and-one-half to three years from the call for nominations until the final sale.

- What would be the time frame for a typical EEZ sale?

- Why would the time frame be different?

Answer: It is difficult, if not impossible, to predict generically the time frame for lease sales. It is much easier when you have a specific case. To a very significant extent, the time frame is dependent on knowledge of the area as regards the resource and the environment. In the case of the proposed Alaska lease sale, there exists a considerable base of information from two prior environmental impact studies that were completed as part of the oil and gas program. This allows the Department to proceed to a lease sale within a year or so.

As a result of the comments received during the advance proposed rulemaking phase of the OCS hard minerals regulatory initiative, the Department intends to propose some time frames for Federal actions in the leasing process. This should provide certainty to the leasing process as well as assurance of forward progress.

Question: Does the Coastal Zone Management Act give the States any influence over EEZ leasing?

Answer: The Supreme Court in its January 1984 opinion concerning oil and gas lease Sale 53 offshore California said that leasing "is not an activity `directly affecting' the coastal zone within the meaning of section 307(c)(1), and thus a consistency review is not required under that section before such sales are made".

There were four findings by the Court in making this determination. First, the Court indicated that the "directly affecting" language of the CZMA "was aimed primarily at activities

conducted or supported by Federal Agencies on Federal lands physically situated in the coastal zone but excluded from the zone as formally defined by the CZMA".

Second, the Court indicated "that Congress believed that the CZMA's purposes could be adequately effectuated without reaching Federal activities conducted outside the coastal zone."

Third, the Court indicated that the OCSLA provided for a "fine distinction" between the sale of a lease and permission to explore or to develop resources from a lease. Oil and gas lease sales were determined to be exempt from consistency, while such review was required for exploration and development and production plans.

Fourth, the Court indicated that oil and gas lease sales could not be characterized as "directly affecting" the coastal zone since the sale does not authorize exploration or development and production "until separate Federal approval has been obtained." Under this condition, the possible effects of a sale cannot be termed "direct".

While the January 1984 opinion dealt explicitly with oil and gas leases, the clear indication of the Court is that leases other than oil and gas are not activities requiring a Federal consistency finding prior to a lease sale.

Under the OCSLA, we will consult with the States and consider views based on the CZMA plans as we will consider their views based on other State policies. We visualize that States will have substantial influence over solid mineral leasing and the track record to date with the various States demonstrates that their views are given great weight.

Question: What are you doing now to resolve disputes with States that may be affected by EEZ leasing?

Answer: The Federal-State task forces used in the case-by-case approach have been very successful thus far. This cooperative mechanism of consultation appears to be resolving issues before they reach dispute stage. Outside of that framework, we frequently work directly with States to resolve issues.

Other Committee Questions

Question: The FY 1989 budget request proposes $9,609,000 for Standard Level User Charges (SLUC). However, while last year's budget submission proposed $9,300,000 for SLUC payments in FY 1988, this year's justification displays only $8,297,000, or, $1,003,000 less for SLUC in the FY 1988 column.

-What is the reason for this million dollar decrease?

Answer: The total request for rent in the FY 1988 justifications was $9,300,000. That estimate was based on rental payments to GSA of $8,923,000 (revised to $8,297,000 in the FY 1989 justifications) and rental payments to the Department of the Interior (DOI) of $377,000, which were included in object class

123.101, rather than in 125.001, as is the case for the FY 1989 justifications. Therefore, although the amount displayed in object class 123.101, Standard Level User Charges, for FY 1988 has decreased by $626,000, the estimated total rent has increased by $167,000.

Question: For what purpose have these funds been reprogrammed?

Answer: As discussed in the previous question, there was no reprogramming in FY 1988.

Question: What is the justification for the $1,312,000 increase in space rental costs for FY 1989 when FY 1987 expenditures were $614,000 less than programmed and FY 1988 programmed costs are more than $1 million less than budgeted?

Answer: As reflected on page MMS-18 of the justifications, the rent increase requested in FY 1989 is only $755,000, which reflects anticipated cost increases at several locations. This increase is based on a revised total rent estimate of $9,467,000 in FY 1988 and $10,222,000 in FY 1989. These amounts include rental payments to GSA, which are accounted for in object class 123.101, and rental payments to agencies other than GSA, which are accounted for in object class 125.001. The following table depicts these changes:

($ in thousands)

Object Class Code	Title	FY 1988 Estimate	FY 1989 Estimate
123.101	Standard Level User Charge	8,297	9,609
125.001	Other services:		
	-DOI	610	613
	-USGS	560	0
	Subtotal	1,170	613
Total Estimated Rent Costs		9,467	

Question: Why were actual expenses for "Other Services" in FY 1987 nearly $4 million higher than the amount programmed for last year in the FY 1988 budget request?

Answer: The FY 1987 object class data in the FY 1988 justifications were based primarily on FY 1987 financial plans which were developed at the beginning of the fiscal year and reflected a best estimate of the expected pattern of operational expenditures. The FY 1987 actual obligations reflected in the FY 1989 justifications show normal differences between estimated and actual expenditures which can be expected due to changed operating conditions. The total increase for FY 1987 represents only a 7 percent change in Other Services and is primarily made up of:

- $700,000 in funds appropriated in the FY 1987 supplemental bill and $200,000 in redirected funds in the Royalty Management Program for costs to extend operation of the Auditing and Financial System on the VAX computers;

- $530,000 in redirected funds in the Royalty Management Program for acquisition of software for the onshore production accounting system;

- $100,000 in redirected funds in the Royalty Management Program for a contract with a major accounting firm to review the Royalty Management Program;

- $50,000 in redirected funds in the Royalty Management Program for additional space modifications in Lakewood, Co., accomplished through contract;

- $50,000 in redirected funds in the Royalty Management Program related to development of the lease agreements data base; and

- $145,000 in redirected funds in General Support Services for unbudgeted GSA rental charges paid to the Department and accounted for in Other Services.

The remaining difference reflects the fact that the FY 1987 object class data in the FY 1988 justifications overestimated the amount of absorption of January 1987 pay raise and additional FERS costs which would be financed by postponing items budgeted in Other Services. The FY 1987 actual obligations reported in the FY 1989 justifications show that most of the pay raise and FERS costs were financed through higher-than-anticipated personnel lapse.

Question: Again, why are FY 1988 "Other Services" programmed for $3,511,000 more in this year's justification than was requested for FY 1988 last year?

Answer: The object class table for each year's justification is based on the operating/financial plans for the current year. Because the most recent justification contains object class data that reflect operational reality rather than projections made more than a year earlier, differences can be expected. The increase in the FY 1988 amount estimated for Other Services from the FY 1988 to the FY 1989 justification represents only a 6.4 percent change, much of which can be accounted for by:

- $900,000 Congressional increase for additional Environmental Studies;

- $592,000 in additional building rental charges to be paid to the U.S. Geological Survey due to the delayed move to the northern Virginia consolidated headquarters. Such payments are accounted for in "Other Services" rather than "Standard Level User Charges";

- $552,000 in the Royalty Management Program related to extension of a computer operation and maintenance contract

with previous vendors to overlap with a FY 1988 contract with a new vendor in order to ensure a satisfactory transition.

The remaining increase, approximately $1.5 million, is caused by the overestimation of the amount of absorption required in Other Services for the January 1987 pay raise and FERS costs. This reduction in "Other Services" was first projected in the FY 1987 object class data in the FY 1988 justification, as explained in the previous question, and was repeated in the FY 1988 data.

Question: Given the substantial increases over the levels proposed for "Other Services" in the past, will the $59,157,000 request be adequate for FY 1989?

Answer: Generally, yes. However, Congressional action on the FY 1989 budget or unforseen operational situations may require an adjustment, which cannot be estimated until results of the a review of the status of funds for the first half of FY 1988 are analyzed.

Question: Congress provided $900,000 more for Environmental Studies and $746,000 less for FERS's costs than were requested for FY 1988. However, many other adjustments apparently have been made in the FY 1988 object class distribution contained in the FY 1989 justification.

Please identify all modifications to the FY 1988 object class summary that was presented to the Committee last year, and provide an explanation for all changes, including those that are the result of Congressional action.

Answer: A comparison of the FY 1988 object class distribution for the FY 1988 and FY 1989 justifications is given in the following table:

FY 1988 Object Class Estimates

Object Class	FY 1988 Justifi-cations $000	FY 1989 Justifi-cations $000	Difference $000
11 Personnel compensation	72,733	73,572	839
12 Personnel benefits	18,150	15,154	-2,996
13 Benefits for former personnel	137	100	-37
21 Travel	3,509	4,006	497
22 Transportation of things	959	429	-530
23 Rents, communications & utilities	12,418	11,037	-1,381
24 Printing & Reproduction	1,566	1,538	-28
25 Other services	54,672	58,183	3,511
26 Supplies and materials	1,685	1,812	127
31 Equipment	2,734	2,882	148
41 Grants, etc.	0	0	0
42 Insurance claims, etc.	0	4	4
Total:	168,563	168,717	154

Explanation of Significant Differences

11 Personnel Compensation: January 1988 pay raise.

12 Personnel Benefits: Congressional action on FERS, -$746,000, overestimate, approximately $1.5 million, of additional FY 1987 FERS costs that were carried into the FY 1988 object class data, and reestimate of other personnel benefit items.

13 Benefits for Former Personnel: Revised estimate from the Department of Labor based on actual costs.

21 Travel: Reestimate for inflationary costs and travel for additional auditors.

22 Transportation of Things: Reestimate of costs based on actual obligations.

23 Rents, Communications & Utilities: Primarily reduction of $298,000 in estimate for commercial communication costs, reduction of $626,000 in estimate for GSA rental costs (SLUC), and reclassification to Other Services of estimated $377,000 payment to DOI for GSA rental costs.

24 Printing & Reproduction: Minor reestimate of costs.

25 Other Services: Discussed in answer to previous question.

26 Supplies & Materials: Minor reestimate of costs.

31 Equipment: Minor reestimate of costs.

41 Grants, Subsidies and Contributions: No change.

42 Insurance Claims and Indemnities: Minor reestimate of costs based on actual obligations.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

Question: What steps is Interior prepared to take to give Hawaii an equal share in the day-to-day point management of EEZ mineral resources?

Answer: The Department appreciates the State's interest in having a say in the decision and manner in which mineral resources might be developed in the OCS/EEZ off Hawaii. While no specific proposals have been received from the State, the Department is looking at approaches for State involvement that would mutually satisfy State interest and Federal responsibility. While it is not possible to give Hawaii an "equal share" in certain decisions and authorities that are statutorily reserved for the Secretary of the Interior, it should be possible to structure a participatory arrangement that is acceptable to the State.

Question: Interior provided $3 million dollars to the State Hawaii, approximately $2 million of which was spent on research

looking at resource and environmental issues, the other million was spent on preparation of an EIS for leasing. There are still a great many questions to be answered yet as the program moves forward, Interior funding of this critical research has essentially dried up.

- How much money does Interior propose spending to answer critical environmental and resource questions before, during, and after a leasing action?

- Will this money be largely contracted to the State of Hawaii as it has been in the past?

Answer: No decision has been made as regards to the specific research needs of this area and hence the amount of funds required has not been determined. The Department will be working closely with the State to assess commercial potential and from there the direction the program should take. To the extent additional research is needed, it is our intent to see that it is conducted. If we proceed toward a lease sale, whatever research is necessary to answer the operating questions will be done.

The U.S. Bureau of Mines this year established a Marine Minerals Technology Center. This center has two divisions, one being the Ocean Basin Division, administered by the Center for Ocean Resources Technology and the Pacific Ore Resources Technology Group of the University of Hawaii at Manoa; the other is the Continental Shelf Division, administered by the Mississippi Mineral Resources Institute of the School of Engineering at the University of Mississippi. We anticipate that the University of Hawaii unit will also be conducting research on issues related to the cobalt crusts.

The Minerals Management Service has been pleased with the work performed to date under contract with the State of Hawaii and the University of Hawaii, and we would look to continue this relationship.

Question: The DOI recently closed its Office of Strategic and International Minerals in Long Beach, removed the program director, Reid Stone, and transferred all but one of the staff members to other duties. This was done for politically motivated reasons and had essentially no justification at a time immediately preceding an election.

- Is it not an act of bad faith, when going into joint management negotiations with States and trying to foster industry interest in leasing to remove the office handling the operation and change key personnel?

- Will the Department of the Interior correct this problem and be more responsive to State needs in the future?

- When will the Department of the Interior designate the accountability of the Environmental Studies Program to marine minerals?

Answer: The State of Hawaii previously requested the Department of Commerce to provide detailed surveys of selected areas of the Hawaiian EEZ using SeaMarc or SeaBeam survey techniques which

could then be used in submersible navigation for detailed mineral resource evaluation. Commerce forwarded this request to the Department of the Interior who instead provided GLORIA surveys of the area.

These surveys were not what was agreed to and do not provide anything like sufficient detail to be even remotely useful in detailed mineral resource assessment or research submersible navigation.

The Department of the Interior has a large well-funded program to look at the environmental effects of Outer Continental Shelf activities. This is the Environmental Studies Program. Although the Governor and State of Hawaii personnel have made presentations, and repeatedly petitioned the Secretary of the Interior and the Scientific Studies Committee to have marine mineral resource issues fall under the purview of this program, to date they have received only a negative response. The argument has been that the program, although designated as environmental studies, applies only to oil and gas.

With Outer Continental Shelf oil and gas activities currently in a reduced phase, and excellent current knowledge of their environmental effect, a current cumulative expenditure to date of approximately $400 million on these studies and a much lesser knowledge about the effect of minerals development, it would seem a change is in order.

The decisions to move the Office of Strategic and International Minerals and to change the leadership were in no way political nor were they influenced by the upcoming election. The activity is and has always been a headquarters policy function, and its distant location from other related headquarters functions in Washington was an anomaly. The location of the office in Long Beach could be somewhat rationalized initially when all of the activity was in the vicinity of Hawaii and offshore California/Oregon. However, with the advent of studies offshore several of the States on the East Coast, interest and involvement of a number of the Gulf States, offshore Alaska activity, and evolution of the program of leasing sales, it became essential that the office location and other changes be made to ensure sufficient and effective coordination with other headquarters units and various regional operations.

The entire staff was offered the opportunity to continue with the office in its new location. Every consideration is being given to those who wish to stay in the Los Angeles area for employment with the MMS's Pacific OCS Regional Office since there were a number of vacancies in that office. There was no act of bad faith involved, and there is much to be positive about in having close ties and communications with Washington for discussions on Federal-State roles and in facilitating industry interest. Bob Paul, the person formerly with the Office of Strategic and International Minerals who co-chaired the Hawaii Federal-State task force, had accepted a position in the Pacific OCS Regional Office prior to the program relocation decision. He will continue in his role as co-chairman.

The GLORIA surveys off Hawaii are a part of a USGS program to survey the entire U.S. EEZ, including that off Hawaii, and were not

in response to any request from the Department of Commerce. The R/V FARNELLA (from which GLORIA is operated), under contract to the U.S. Geological Survey, operated in the Pacific Ocean for the Hawaii and Alaska surveys as a part of this long-range program, not specifically in response to the request of the State of Hawaii for a SEABEAM survey in support of potential research activities of submersibles used for detailed resource evaluations. The National Oceanic and Atmospheric Administration has made SEABEAM surveys of nearly 10,000 square nautical miles off the island of Hawaii and, in support of submersible operations, surveyed the Loihi undersea volcano. The long-range program of NOAA does include additional SEABEAM surveys of the Outer Continental Shelf (or EEZ) adjacent to Hawaii as well as other U.S. seabed areas. Interior and Commerce recently formalized their joint cooperation off the Nation's coast by approving a charter for a joint USGS-NOAA office for coordination of USGS-NOAA seafloor-seabed mapping and research in the EEZ. State needs for mapping surveys and research by these two agencies are considered through this office in planning future USGS-NOAA programs. The MMS maintains liaison with the joint USGS-NOAA office to assure coordination of those programs with the specific needs of the OCS mining program.

The Department has attempted to be responsive to needs for resource and environmental evaluations needed for development of the minerals of the OCS and EEZ in all regions, including that adjacent to the State of Hawaii, as funds and ship schedules permit. The Department, in cooperation with NOAA, will continue to collect mapping, resource, and environmental information needed to supplement and complement information collection activities of industrial and academic organizations. This OCS- and EEZ-wide effort includes an appropriate level of collection offshore the State of Hawaii.

While the Environmental Studies Program is geared primarily to the needs of the OCS oil and gas program, information obtained is useful in the OCS mining program as well. As the economic viability of specific OCS mining programs become established, we may allocate funds of the Environmental Studies Program to OCS mining. While we agree that we have developed a considerable body of knowledge through the Environmental Studies Program, we still have issues which must be addressed if OCS oil and gas development is to proceed, such as information in frontier areas and on cumulative effects in developed areas. The oil and gas program is a major contributor to Federal income and we must provide the necessary information for this on-going, very active program in a timely fashion. The Scientific Committee of the OCS Policy Committee is providing continuing oversight to the MMS on the OCS mining program.

Question: Who has lead agency responsibilities in EEZ issues for American Samoa, Guam, the Commonwealth of the Northern Mariana [Islands] and the Virgin Islands, the Minerals Management Service or the Office of Territorial and International Affairs?

Answer: The Assistant Secretary for Territorial and International Affairs has primary responsibility within the Department of the Interior for dealing with all issues related to the territories and possessions, including American Samoa, Guam, Commonwealth of the Northern Mariana Islands, and the U.S. Virgin

Islands. This responsibility includes, of course, issues relating to the EEZ and continental shelf adjacent to these entities.

Question: Given the current political status of the Territories and Commonwealth, do you see any difference in their participation in the management of their 200-mile EEZ?

- In July of 1987, the EEZ Conference sponsored by the Pacific Basin Development Council was rescheduled three times, at the request of the Minerals Management Service. Please tell me why it took so long for MMS to cooperate in putting this important conference together?

- In addition, why did the Department of Interior pull out its key speaker on the legal jurisdictional issues at the last minute?

- With no demonstrable evidence of interest by private industry and no prospect that world price will make ocean mining of cobalt and manganese economic for the next 20 to 30 years, what basis is there to rush the adoption of leasing and operational regulations before Congress has granted any department the authority to regulate ocean mining outside the traditional continental shelf and before the role of coastal states has been determined.

- In 1953, when the Outer Continental Shelf Lands Act was adopted, the historic and traditional definition of the continental shelf was related to the geological edge slope of the underlying seabed, the depth of water, or to the closely connected depth of exploitability. The continental shelf varied with the geography.

It was never exactly 200 miles from the coastline at any particular point, let alone for the entire U.S. coastline. Since the U.S. has not signed or ratified the 1982 Law of the Sea Convention and therefore may not obtain the benefit of a purely statutory right which can accrue only to signatories, on what basis does the Department claim authority to regulate ocean mining beyond the traditional continental shelf?

- If there is uncertainty in the law, as there appears to be, private companies could be taking a great risk should a court later hold that custom and the common law of nations has not extended the continental shelf from its historic geographic definition to precisely and only 200 miles. Would it not be more prudent for the Congress to both affirm the President's Declaration of an Exclusive Economic Zone (which this Congress has not yet done) and premise ocean mining beyond the traditional continental shelf upon this new and clear EEZ jurisdiction rather than rest ocean mining upon an uncertain extension of an historic definition.

Answer: The Department of the Interior has not reached any decision on recommendations to make to the Congress on the management of the mineral resources of the seabed of the EEZ and the continental shelf adjacent to the Territories and to the Commonwealths nor on the roles of the local governments in their management.

The meeting of the Pacific Basin Development Council in 1987 was postponed because of the ongoing, delicate negotiations on

Pacific fisheries being held during that period. The Department also concluded that there were no significant "legal jurisdictional issues" warranting Interior presentation at the meeting.

While it may be some time before there is sufficient commercial interest to hold cobalt-manganese lease sale, there is interest today in other OCS minerals, including gold placers offshore Alaska, and sand and gravel in waters off the mid- and north-Atlantic seaboard. In fact, a gold placer sale has been scheduled for FY 1989, and work on it is proceeding as a joint endeavor of MMS and the State of Alaska. MMS has been requested by several companies to hold on East Coast sand and gravel sale in the near future. It is important to put in place a regulatory regime under the OCSLA that is responsive to the unique nature and technological status of hard minerals mining in the marine environment. Under the OCSLA there exist today authority for hard minerals leasing, and government should be providing the measure of certainty it is able to those who would like to develop offshore mineral resources now or to plan for their development in the future.

It is important to keep in mind that the "continental shelf" doctrine in international law is a legal, not a geologic or geographic concept. The United States regards the provisions of the 1982 United Nations Convention on the Law of the Sea as reflecting existing or evolving customary international law, aside from those parts which cover deep seabed mining beyond national jurisdiction and which are purely contractual. As such, the provisions of both Part V, on the Exclusive Economic Zone (on which the President based the EEZ Proclamation of 1983) and Part VI, on the continental shelf, represent customary international law. The international community now accepts that the continental shelf extends to a minimum of 200 nautical miles for all nations, essentially concurrent with the 200 mile EEZ, and may extend beyond 200 miles if certain criteria are met. See Libya/Malta Continental Shelf case of the International Court of Justice, 1985, at page 35, para 39. The United States recognizes both the continental shelf and exclusive economic zone provisions of the 1982 United Nations Convention on the Law of the Sea as codifications of existing customary international law. Both confirm U.S. sovereign rights and control over the seabed adjacent to our coast. The Department considers that the OCSLA is both meaningful and workable as a basis for management of the mineral resources of the submerged lands of the United States adjacent to the 50 States and beyond those lands granted to the States by the Submerged Lands Act.

Question: Coastal States have a direct and historic relationship with the ocean and ocean related activities off of their coastlines. By proximity and tradition (especially in the Pacific among islanders) they have the greatest stake in what occurs in their waters. Why has the Department of the Interior consistently refused to recognize the coastal States' right to share in the direct management and financial benefits of ocean related activities in more than a mere advisory role?

Answer: The disposition of revenues from OCS minerals development is governed by the provisions of the OCSLA, and is not subject to Departmental discretion. Likewise, the role of State governments in the management of OCS activities are governed by

this Act and other laws. The Secretary may consult with the State governments, but by law the final decision must be his, subject to judicial review.

Question: To insure that coastal states adjacent to proposed ocean mining activities are protected and that coastal dependent activities are not adversely affected, why should Congress not require consistent determinations under the Coastal Zone Management Act in the same manner that it does for other coastal sensitive activities.

Answer: The Supreme Court has recognized that Congress enacted the OCSLA as a multi-stage decision process and has determined that the law recognizes that the approval of exploration and development and production plans is the most effective time to apply the Federal consistency provisions of the CZMA to oil and gas leasing. Prior to the submission of such plans, the possible impacts are hypothetical, at best. The information provided in the exploration and development and production plans is essential to an accurate assessment of potential impacts and the formulation of appropriate mitigation measures. We believe the same considerations apply to leases for other minerals.

Question: Does the Department propose to contract with the affected coastal states for the environmental monitoring and enforcement of ocean mining in the EEZ?

Answer: The Department intends to work with the affected States closely. Where it makes sense from an efficiency of resources standpoint, like where there are marine mining activities carried out in adjacent territorial and OCS waters, the Department will consider the possibility of States performing certain functions under cooperative agreements such as inspections. In other areas, enforcement for example, there are limitations due to statutorily non-delegable authorities and responsibilities.

Question: If a legitimate and substantial dispute arises between the Department and an affected coastal State over ocean related mining activities, how is the dispute to be resolved and who has the final authority?

Answer: The approach of early consultation and involvement with affected coastal states and Federal-State task forces has proven very successful in resolving issues before they elevate to "substantial" disputes. Every effort is made to resolve issues with States in a cooperative way before they become disputes. As provided in law, the ultimate authority for some decisions is the Secretary of the Interior.

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

Accelerated OCS Studies

Question: The FY 1988 Continuing Resolution directed MMS to accelerate various studies associated with proposed future OCS lease sales.

- What is the status of these studies?

- Will the studies be completed in FY 1988?

- Do you have any preliminary results?

- If so, do the preliminary results indicate that any changes should be made to the five-year program?

- Please provide me with a copy of your findings as they become available.

Answer: MMS used the additional $900,000 to allow for the early scheduling of selected studies in the Planning Areas of interest to the Committee. The recent decision by the Secretary to remove the Straits of Florida Sale from the 5-Year Program is causing us to reevaluate the studies proposed for acceleration. Even though we intend to complete the studies we have proposed for that area, their early completion is no longer critical, and it may be more advantageous to accelerate other studies. This review is not yet complete. As for accelerated studies in other planning areas, we are still in the process of arranging for them, so there are no specific results to report. While none of these studies will be completed in FY1988, the acceleration will allow us to provide information to the affected states earlier than originally proposed. You will be sent a copy of the reports for these studies when they become available.

Beach Cleanup

Question: Page 11 of your budget justification indicates that you would like additional funding for activities related to beach cleanups.

- Have you previously been involved in beach cleanup activity? If so, where?

- Have you, or do you intend to engage in this activity along the Louisiana coastline? If so, please provide details.

Answer: The Minerals Management Service (MMS) is and continues to be involved in beach cleanup activities. On September 19, 1987, over 50 employees of MMS and some 100 family members and friends participated in the cleanup of 1.3 miles of Fourchon Beach in LaFourche Parish, Louisiana, a beach that has been "adopted" by MMS. Over two tons of debris was collected. On the same day, as a part of National Coast Week, MMS helped with cleanups on Padre Island and Galveston, Texas. On October 10, MMS had a small contingent for the Gulf Islands cleanup in Mississippi. On December 12 MMS returned to Fourchon Beach for the second of

several litter removal visits it is making under the "beach adoption" program. The MMS also assisted with debris removal at Grand Isle, Louisiana, in October of 1985 and 1986.

MMS staff participation in cleanups has been voluntary and conducted on personal time. Funding for these cleanups has come from a variety of programs and sources, including State, private, and Federal land management programs. The request for an appropriation language change does not reflect a request for additional funds. The language would give MMS limited authority to purchase, within existing appropriations, promotional items and token refreshments to further encourage these cleanup efforts if private and non-Federal governmental funds were inadequate.

The MMS has been involved in the marine debris issue in a variety of other ways. Environmental impact statements and scoping reports have identified the issue for a number of years. The agency has also organized special panels on the issue at its last three information transfer meetings in New Orleans and at the OCS Advisory Committee meeting in California last year. In addition MMS has worked with offshore industries, Federal and State agencies, and environmental groups on an educational approach to debris abatement through its Take Pride Gulf Wide Task Force. The Task Force work and the cleanups have been conducted under the auspices of or in support of the "Take Pride in America" program.

MMS is committed to continuing its cleanup efforts along the Louisiana coast. Fourchon Beach is an "adopt-a-beach" project, and MMS has agreed to coordinating several cleanups this year as part of the adoption agreement. The next beach sweep is scheduled for April 16, 1988, and another is tentatively scheduled for the month of September as part of a coordinated Gulf-wide cleanup event. MMS will be working with other Federal and State agencies and private organizations to advertise the cleanup through the use of promotional materials such as posters, decals, public service announcements, and information packets.

1989 Lease Sales

Question: Do you have any lease sales planned for the Gulf Coast for 1989?

- Do you foresee any overriding problems that might threaten those sales? Please explain.

Answer: There are three Gulf of Mexico sales scheduled for FY 1989: Eastern Gulf of Mexico, Sale 116, is planned for November 1988; Central Gulf of Mexico, Sale 118, is planned for March 1989; and Western Gulf of Mexico, Sale 122, is planned for August 1989. Of these sales, only Sale 116 might be considered controversial due to the level of concern indicated to date by citizens of the State.

Successful negotiation between the Department and the State completed in March 1988 resulted in the resolution of the programmatic issues outstanding with regard to leasing off Florida during the next five years. The major issues involving Sale 116 were also resolved so that it is expected that the sale can proceed under the terms of the agreement reached with the State of Florida.

The agreement will also likely satisfy citizens of the State who had earlier taken issue with the sale.

Using recent leasing history in the Central and Western Gulf areas as a guide, there are no problems foreseen which might threaten the 1989 sales.

FY 1989 Supplemental Sale

Question: I understand you will be conducting your first supplemental sale in FY 1989.

- Where is the location of the sale tract?

- What is the size of the sale?

- Why was the previous sale unsuccessful?

- Is there much industry interest in this tract?

Answer: SU1 is planned for September 1989. It will be comprised of candidate blocks from sales in which bids were rejected or forfeited during the year preceding the Call for Information of SU1, i.e., sales during FY 1988 which might include blocks from Sale 97, Beaufort Sea, Sale 109, Chukchi Sea, and, possibly, Sale 92, N. Aleutian. Development blocks located on the same geologic structure as an existing lease having a well with indicated hydrocarbons may also be offered.

We have no information yet as to candidate rejected or forfeited bid blocks from FY 1988 sales, and there has been no identification of possible development blocks. The size of SU1 is, therefore, not yet known. Supplemental sales will, by DOI's definition, offer "a small number of blocks," so that a sale much smaller than a normal lease sale is anticipated.

SU1 will be the first supplemental sale. Preliminary versions of the 5-year leasing program approved last summer had proposals for SU1 as early as the fall of 1987. The very long preparation and approval process for the 5-year leasing program resulted in September 1989 as the earliest feasible target date for SU1.

Since there are no candidate blocks as yet and the Call for Information and Nominations is not scheduled until December 1988, we cannot assess industry interest in SU1 at this time. However, in comments on the 5-year leasing program and on draft regulations authorizing such sales, industry generally favored the concept of supplemental sales and urged that the annual sales be incorporated as part of the leasing program.

Question: In FY 1987 you completed a 2-year study of wetland loss in Louisiana. I understand you intend to finish your report during this fiscal year.

- In what month do you intend to finish your report? Please provide me with any preliminary reports, as well as the final report just as soon as they are available.

Answer: The three volume technical report entitled Causes of Wetland Loss in the Coastal Central Gulf of Mexico, prepared by the Coastal Ecology Institute of the Louisiana State University, has been completed and will be provided to your office.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Mineral Receipts: Net vs. Gross

I do not have a question on this particular subject but I would be remiss if I did not at least mention it.

For the past several years, the Administration proposed to deduct onshore leasing costs of MMS, BLM and the Forest Service from Federal onshore mineral leasing receipts before receipts are distributed between the Federal treasury and the States. Congress rejected that proposal every year and I note it is not included in the FY89 budget. Don't misunderstand me, the budget is far from perfect and Congress will provide additional guidance. Nonetheless, this is a step in the right direction. More importantly, I will not ask why this proposal was dropped in FY89 and not FY82, I am just pleased to see that it was dropped.

Alaska Boundary Project

Question: In FY 1984, the Minerals Management Service initiated a boundary project in the State of Alaska. The project was initiated because of long-term issues which continue to impact State and Federal oil and gas leasing programs in the territorial sea and on the OCS. Without resolution of the boundary issue, Federal lease sales offshore Alaska may be reduced in size, postponed, or not held due to further litigation. One of the problems delaying a solution is the remoteness of the area and the high costs of surveying.

- Can you give the Committee a feel for the magnitude of the work that needs to be done?

- What are your plans in FY 1989 for this project?

- What funds are provided in FY 1989 for this project?

Answer: Nautical charting along the Coast of Northern and Western Alaska suffers from two primary limitations in terms of its usefulness for Federal/State boundary determinations. First, the dynamic geomorphology of the coastline makes survey data quickly obsolete, and, second, there are no conventional vertical datums due to the absence of long-term tide stations. Thus, all salient points used for boundary determinations are ephemeral and are based on provisional vertical datums. These datums are useful only so long as they are acceptable to both the State of Alaska and MMS and cannot be expected to survive adversarial scrutiny in a court of law.

Given those limitations, the Alaska Federal/State Boundary Working Group (BWG), with membership from the State of Alaska, Department of Natural Resources, the National Ocean Service (NOS),

and MMS, has completed all the boundary survey work along the coast of Northern Alaska in the Alaskan Beaufort Sea needed for implementation of a decree in the pending U.S. v. Alaska lawsuit and will have completed similar work in the Peard Bay area of the Chukchi Sea by the fall of 1988.

All of the Western Coast of Alaska from Icy Cape to Unimak Pass remains largely unsurveyed. We have no plans to do any work in the Gulf of Alaska.

The BWG has prepared plans and specifications to complete photogrammetric and hydrographic surveys along the Southern Shore of Bristol Bay in the North Aleutian Basin and along Kotzebue Sound in the Hope Basin. Work in both these areas could begin in 1988 and would continue in 1989 and beyond.

The appropriation request for FY 1989 is $250,000 in the Leasing and Environment Program, provided that the State of Alaska provides an equal amount from State revenues.

Environmental Studies

Question: In FY 1988 Congress provided an additional $900,000 to accelerate environmental studies in Northern California, Washington-Oregon and the Straits of Florida planning areas (pg.58). These studies were originally planned for FY 1989. Since these funds were used to accelerate the current program, the FY 1989 budget does not propose to retain these funds.

- Was the acceleration of this program useful?

- Why do you feel additional funds are not necessary in FY 1989?

- If additional funds were provided in FY 1989, could they be used effectively?

Answer: MMS used the additional $900,000 to allow for the early scheduling of selected studies in the Planning Areas of interest to the Committee. As of today, we are still in the process of arranging for these studies, so there are no specific results to report. The acceleration will allow us to provide information to the affected states earlier than originally proposed.

Those accelerated studies which require funding in FY 1989 are already scheduled to receive support. The MMS budget request for the year is adequate to provide for all of the studies that MMS feels are necessary.

There is always a debate concerning the degree of funding necessary to support the Studies Program, since there is always some disagreement over what studies are necessary. In our opinion, we can support, in a properly timed sequence, all of the necessary studies on the budget we have proposed. We also realize that other parties may feel additional studies are desirable. If directed to do so, we are fully capable of including such studies within our program.

Question: Six years ago the MMS initiated the "Southwest Florida Shelf Ecosystems Study". This study was designed to provide the MMS with information required to determine the potential impacts of OCS oil and gas activities on seafloor habitats and communities of the Southwest Florida continental shelf (pg. 56).

- What is the status of this study?

Answer: The six-year "Southwest Florida Shelf Ecosystems Study" was completed in April 1987 with acceptance by the Minerals Management Service of the sixth year final report. That report represents an overall synthesis of the five years of field study. A complete collection of all annual reports and the six-year synthesis report was sent to Congressman Charles Bennett in response to a request of the Florida Delegation in April 1987.

Question: The MMS is in the second year of a five-year program to study an oil spill in Panama which affected a coastal research facility of the Smithsonian Institution (pg.56). One of the unique aspects of this study is the amount of pre-spill data the Smithsonian had of the area.

-Is there any preliminary data from this study that you could discuss with the Committee?

Answer: The MMS funded a short-term study of the effects of the April 1986 spill in Panama. This one-year study by the Smithsonian Tropical Research Institute (STRI) is being followed by a long-term effects study which the MMS began funding in June 1987. The STRI presented results of the short-term study at the 1987 Oil Spill Conference in Baltimore. The annual report for the first year of the long-term study will be submitted in June of this year. The first year results were summarized as follows by STRI in the abstract of their paper for the Oil Spill Conference:

"In April 1986, more than 50,000 barrels of medium weight crude oil were spilled into the largest complex of coral reefs and mangroves on the central Caribbean coast of Panama. Considerable amounts of oil came ashore at Punta Galeta, where a long-term environmental sciences program of the Smithsonian Tropical Research Institute provided extensive baseline information for investigating the effects of the spill. Immediate mortality was most apparent for organisms living at the seaward edge of the reef flats and on drying substrata above mean water level. By June 1986, a number of reef species were reduced in abundance, and a bloom of microalgae grew over much of the reef flat that had been directly exposed to the oil at low tide. The abundances of some fast-growing algae appeared to have recovered by September 1986, but the slower-growing corals, zooanthids, and calcareous algae were at the lowest abundances recorded. Defoliation and mortality of mangroves, particularly Rhizophora mangle, was severe on windward coasts, and other areas where the oil penetrated into sediments around the mangrove roots. Oysters and other organisms living on mangrove roots also suffered severe mortality. The types of habitats and organisms affected were obviously dependent on the particular weather conditions during the oil spill. Studies are continuing to follow succession, and other changes in seagrass meadows, coral reefs, mangrove forests, and associated habitats that were affected by the oil.

Geologic and Geophysical Data

Question: Prior to FY 1986, the Outer Continental Shelf Lands Act required the Secretary of the Interior to reimburse permittees for the costs of processing and reproducing geologic and geophysical data (G&G). In FY 1986, Congress amended this Act and only the reimbursement of reproduction costs is allowed (pg. 63).

Since FY 1986 funds for the reimbursement of processing G&G data has been phased out of the budget. In FY 1989, you have not requested any funds for this purpose.

-How has this change affected the G&G industry?

-Have all of the old permits for collection of G&G data been phased out?

-Why are the land miles of G&G data increasing from 68,000 to 82,000 in FY 1989 after decreasing from 116,700 in FY 1987?

-Does this new increase have anything to do with the reduced costs of acquisition?

Answer: Elimination of reimbursement to permittees for a portion of processing costs for data selected by MMS has not had any significant impact on the G&G industry. Obtaining a permit for a geophysical survey does not mean the data and information acquired under the permit will be selected for acquisition by MMS. The MMS contribution to the total income of the geophysical industry has been less than 1 percent of that reported in the annual Society of Exploration Geophysicists geophysical activity report.

Permits issued before the beginning of FY 1986, which require a share of processing costs if obtained by the MMS, have all expired. However, the MMS has the option for 10 years of purchasing G&G data and information under these permits where no other information from FY 1986 or later permits is available and/or acceptable.

Increased sales activities are the main reason for the projected increase in line miles from FY 1988 (revised estimate, 57,000 miles) to FY 1989 (82,000 miles). Eight sales are scheduled in FY 1989, seven in FY 1990, and nine in FY 1991. Seismic surveys are normally conducted 1 to 3 years before lease sales on the OCS. The reduced costs for obtaining G&G data also somewhat influence our estimate of the amount of data to be acquired.

Regulation of Operations

Question: The FY 1989 budget request for Regulation of Operations is the same as the FY 1988 enacted level (pg. 76). Selected outputs for this program, however, show increases in every category listed (pg. 92).

- Are the outputs listed on page 92 a good indicator of the overall program?

- If so, what is the basis for the increases?

- How are you going to fund the increased outputs?

- If easily: Why weren't the outputs increased earlier?

- If with difficulty: Why didn't you ask for additional funds?

- Are you eliminating any necessary steps in the regulatory program to attain these increased outputs?

Answer: Yes, the selected outputs are good work measurement indicators of the overall regulatory program. They cover our principal areas of responsibilities, such as exploration and production review and approval activities, inspection activities, certification of training schools and enforcement activities.

The major reason for the projected increases in outputs is an anticipated increase in industry interest in drilling operations due to projections of higher oil prices. Also, there could be an increase in drilling operations resulting from companies assigning leases which are about to expire to other companies that may be more interested in drilling within the leased area. These increases in drilling operations would lead to an increase in the number of drilling and production facilities required to be permitted and inspected.

We are projecting only moderate increases in workload output in FY 1989, and we believe that our current level of funding is sufficient to cover the increases. At the time the estimates were developed they reflected our view of how we think industry will respond to more favorable oil price projections. It should be noted that output estimates developed for the FY 1989 budget are actually lower than the estimates developed more than a year earlier for the FY 1988 budget.

We are not eliminating any necessary steps in the regulatory program to attain increased outputs.

Royalty Management

Question: In FY 1987, Congress added 50 positions to the Royalty Compliance audit workforce (pg. 98). After these auditors are fully trained, MMS will audit most royalty payments on Federal and Indian leases on a 6-year cycle.

- What is the status of the hiring and training of these auditors?

- What was the previous audit cycle?

- Has the Inspector General completed the study and report on the audit strategy of MMS?

- If so, what were the recommendations?

Answer: The MMS Royalty Compliance Division (RCD) hired the 50 new auditors by March 1987.

The RCD training for new auditors develops skills which are crucial not only for successful completion of audit duties but also to assist the employees to rapidly progress towards becoming journeymen auditors. The training methodology utilizes formal

classroom training coupled with on-the-job training. The development of a fully functioning minerals auditor involves years of meaningful training and progressively responsible duties.

Since hiring the new auditors, for example, RCD has presented the following classes:

- Offshore Oil and Gas Lease Compliance Inspection Training
- Onshore Oil and Gas Lease Compliance Inspection Training
- Audit Standards, Workpaper Preparation, and Report Referencing
- Effective Audit Report Writing

In addition, the new auditors are typically involved in such on-the-job audit support functions as reviewing refund requests and participating in development of audit findings.

Prior to enactment of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), there was no regulatory audit cycle. The FOGRMA established a 6-year record retention period for Federal and Indian royalty payors. The Office of Inspector General in its major company look-back audits and the RCD used the record retention requirement as a basis for the 6-year audit cycle.

A copy of the Inspector General's report on the Royalty Compliance Division, which includes recommendations related to the MMS audit strategy and MMS's responses to those recommendations, is attached.

Question: The Auditing and Financial System (AFS) was placed into production in the fall of 1987. This computer system was designated to provide on-line support for data correction and update processes.

- Is this system meeting its designed expectations?

Answer: The Auditing and Financial System (AFS) has been in production since February 1983. On September 1, 1987, the AFS was reimplemented on an IBM mainframe computer, which replaced a series of minicomputers. In general, the AFS is meeting its designed expectations and the conversion to the mainframe computer has been very successful.

Onshore Production Reporting

Question: An increase of $4.3 million is requested in FY 1989 for contractual and other expenses to carry out plans to centralize and automate all mineral production reporting within the Royalty Management Program. This conversion is designed to be phased with a completion date of mid-FY 1989.

- What has been the reaction of industry to this proposal?

- The current schedule appears to be tight, wouldn't it be advantageous to spread it out another year?

Answer: Reaction from industry to the proposal to centralize production reporting in the Royalty Management Program (RMP) generally has been very positive. Of approximately 2,000 onshore operators, only two responded negatively to the proposed regulations which transfer the responsibility for receiving the onshore reports from the Bureau of Land Management (BLM) to RMP. Industry comments to MMS reflect general approval, based on the following reasons:

- No significant change is being made to the operations report which is currently provided to BLM and under the conversion will be shifted to MMS. One set of reporting instructions will apply to all onshore operators.

- The RMP represents a central point of contact for correction of erroneous reports.

- The RMP will be conducting reporting seminars which will afford operators an opportunity to clarify the many reporting questions they have.

We believe that the current schedule will allow for a smooth transition from BLM to MMS. The schedule for conversion was established after careful consideration of the number of operators, leases, and wells for each phase as well as the tasks which must be completed. A longer conversion period would have adverse impacts on industry (since many companies have to maintain somewhat different reporting operations for BLM and MMS until all of their leases are converted), States, and Indian tribes. However, to assure that the schedule is realistic, should the error rate for any given conversion phase be inordinately high, further conversions will be postponed until an acceptable error rate is achieved.

DEPARTMENT OF EDUCATION

INDIAN EDUCATION

STATEMENT OF BERYL DORSETT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

ACCOMPANIED BY:

JOHN SAM, DIRECTOR OF INDIAN EDUCATION PROGRAMS, U.S. DEPARTMENT OF EDUCATION

SALLY H. CHRISTENSEN, DIRECTOR OF BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

THOMAS M. CORWIN, DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY AND VOCATIONAL ANALYSIS, BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION

INTRODUCTION OF ASSOCIATES

Senator REID. The subcommittee will now turn to the fiscal year 1989 budget for Indian education programs. Testifying on behalf of these programs will be Ms. Beryl Dorsett, Assistant Secretary for Elementary and Secondary Education.

While they're coming forward, I'm going to make a phone call.

[A brief recess was taken.]

Senator REID. We have your statement and what we would like you to do is summarize that statement for us and then we'll proceed to some questions that the committee has.

Ms. DORSETT. Good morning. If I may introduce my colleagues with me this morning——

Senator REID. I'd like you to do that.

Ms. DORSETT. On my right, I have John Sam, who's Director of Indian Education Programs, U.S. Department of Education. To my immediate left, Sally H. Christensen, Director of Budget Service, Office of Planning, Budget and Evaluation. To my far left, Thomas M. Corwin, who's Director of the Division of Elementary, Secondary and Vocational Analysis, Budget Service, Office of Planning, Budget and Evaluation.

Since you do have the complete statement, I'd just like to summarize it for you.

SUMMARY STATEMENT

Senator REID. We will make your complete statement part of the record, and we would like you to summarize it so that we can get to the committee's questions.

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Ms. DORSETT. OK. Mr. Chairman and members of the committee, I do appreciate this opportunity to appear before you to discuss the fiscal year 1989 budget request for the Indian Education Act.

The request totals $67.7 million, an increase of $1.3 million above the fiscal year 1988 appropriation. These increased funds will be applied to several of the programs authorized by this act.

Under part A, we're asking for $49.8 million, an increase of $678,000 over the 1988 level.

In fiscal year 1987, we awarded formula grants to 1,041 public and 57 BIA contract schools enrolling a total of 321,000 students. The grants range from $1,100 to more than $1 million.

Formula payments to local education agencies [LEA's] averaged $136 for each Indian child counted. Payments under the discretionary program averaged about $700 per child.

For 1989, we are proposing that the entire $678,000 increase for part A be applied to the formula program, in order to maintain current services and to continue our policy of gradually reducing the disparity between the per-child payments under the two part A programs.

Under part B, the budget request is $11.8 million, an increase of $100,000, and we'll be using those additional funds for the resource centers.

The last item would be for program administration, which includes the office that Mr. Sam directs. We are requesting $2.5 million, an increase of $49,000, primarily to cover higher costs, salaries, benefits, travel, and other expenses.

PREPARED STATEMENT

Thank you, Mr. Chairman. I'd be most happy to answer your questions with my colleagues.

[The statement follows:]

STATEMENT OF BERYL DORSETT

I appreciate this opportunity to appear before you to discuss the fiscal year 1989 budget request for the Indian Education Act. The request totals $67.7 million, an increase of $1.3 million above the fiscal year 1988 appropriation. These increased funds will be applied to several of the programs authorized by the act.

PART A—GRANTS TO LOCAL EDUCATIONAL AGENCIES AND INDIAN-CONTROLLED SCHOOLS

For part A—the largest component of the act—we are asking $49.8 million, an increase of $678,000 over the 1988 level.

Part A supports two programs for Indian students. Under one, grants are awarded on a formula basis to local educational agencies. Under the other, grants are awarded on a competitive basis to Indian-controlled schools. Because Bureau of Indian Affairs contract schools are treated as LEA's under the formula program, these schools receive funds from both programs.

Part A formula grants must be used to supplement the regular school program. Projects provide tutoring, remedial reading and mathematics, counseling and guidance, and Indian cultural and heritage activities. The amount of an LEA's grant is based on a formula that multiplies its Indian student enrollment by the average per-pupil expenditure in the State.

The discretionary funds are also used for special enrichment activities that supplement a regular school program. The amount of each grant is determined based on competitive applications submitted by tribes and Indian organizations that operate schools on or near reservations

In fiscal year 1987, we awarded formula grants to 1,041 public and 57 BIA contract schools enrolling a total of 321,000 Indian children. Grants ranged from $1,100 to more than $1 million.

Discretionary funds went to 24 Indian-controlled schools serving almost 5,000 children, in amounts ranging from $30,000 to $387,000. Seventy-one percent of these schools also received part A formula grants.

Formula payments to LEA's amounted to about $136 for each Indian child counted. Payments under the discretionary program averaged about $700 per child.

For 1989, we are proposing that the entire $678,000 increase for part A be applied to the formula program, in order to maintain current services and to continue our policy of gradually equalizing per-child payments under the two part A programs.

PART B: SPECIAL PROGRAMS FOR INDIAN STUDENTS

The budget request for part B of the Indian Education Act is $11.8 million, an increase of $100,000 over the 1988 appropriation. Of the six programs that constitute part B, two are designed to improve educational quality for Indian children; three help Indian students train for professional careers—in education as well as other fields; and the sixth supports regional resource centers that provide technical assistance to Indian education projects.

Under the 1989 request, five of these programs would be continued at current levels. The $100,000 increase would be used for the regional centers, to expand their efforts to help LEA's achieve academic gains, strengthen program evaluations, and increase accountability.

PART C: SPECIAL PROGRAMS FOR INDIAN ADULTS

Under part C of the act, we are requesting $3.5 million, an increase of $500,000, to support education programs for Indian adults. Part C, which is a competitive grant program for Indian tribes and organizations, emphasizes adult basic education, especially literacy, and preparation for the high school equivalency exam. Although there has been some improvement in the educational status of Indian adults, there is still a great need for assistance. More than 300,000, or 44 percent, of Indian adults aged 25 and older have not graduated from high school. About 60,000, or 8 percent of this age group, have had less than a fifth grade education. With the requested increase, we estimate that new projects will be able to reach approximately 740 additional people.

SALARIES AND EXPENSES

For program administration—which includes the office Mr. Sam directs as well as the National Advisory Council on Indian Education—the 1989 request is $2.5 million, an increase of $49,000, primarily to cover higher costs in salaries, benefits, travel, and other expenses.

My colleagues and I would be happy to answer your questions.

HISTORY OF 1989 REQUEST

Senator REID. What was your fiscal year 1989 budget request to the Department and what changes did the Department make before submitting your budget to OMB? And then, what changes did OMB make before this budget was sent to Congress?

Ms. DORSETT. My office submitted to the Secretary a proposal at three planning levels, ranging from $64.2 million to a high of $65.7 million.

When OMB came back to us, they allowed us to request $67.7 million.

Senator REID. Boy, that's a switch. [Laughter.]

Ms. DORSETT. Yes; it is. That's true.

Mr. CORWIN. That's partially accounted for by the fact that the initial proposal was before the budget summit of last fall. After the summit agreement was reached, the Department simply had a little bit more to work with for all the programs. We were able to make some switches like that.

Senator REID. But that's still unique. [Laughter.]

PAYMENTS UNDER PART A

Under current authorization, your budget, as set forth in pages 15 and 16, provides for a per-pupil payment to local educational agencies of $145. I understand that one possible change being considered to the part A authorization would make the Bureau of Indian Affairs-operated schools eligible for part A funds as though they were LEA's.

Is that right?

Ms. DORSETT. Yes.

Senator REID. What's the reason for that?

Ms. DORSETT. If the BIA-operated schools become LEA-eligible, there will be 30,000 more students who the congressional committees believe should be served.

Senator REID. Your budget, on page 16, indicates that if this change were to occur, the average per-pupil payment would decline to $132. How much additional funding would be required to keep these payments at $145 per pupil?

Ms. DORSETT. The average of $145 per student would decrease to $132 per child and we would need $4.5 million more to bring the average back up to the $145 level.

So we would need a total of $50.8 million if the BIA-operated schools and LEA's are to have the same status and both are eligible for part A formula grants.

FORMULA GRANT AUDITS

Senator REID. Your budget indicates that the Department of Education is under statutory mandate to conduct program audits of one-third of the formula grants each year.

Discuss generally the findings generated from these audits.

Ms. DORSETT. OK. I'd like to ask John to do that.

Senator REID. Mr. Sam?

Mr. SAM. The general finding is that the Indian student certification forms which document Indian eligibility and tribal membership are frequently incomplete. When our staff conducts a site visit, we do provide technical assistance to the grantees. Probably, the most frequent finding is that the forms are incomplete.

We also look at the quality of the programs. We find that most of the programs are meeting the needs and the objectives that were set out

in the original proposals. We find that they actually are addressing the needs that had been indicated in their proposals.

We also look at parent participation and it appears to be that the parents are more actively involved in the implementation of these programs than they have been in several years.

Senator REID. What remedial actions are taken to deal with any deficiencies that are found by the audits?

Mr. SAM. When deficiencies are noted, we do try to provide technical assistance onsite or refer them to the resource and evaluation centers. That's one of the centers' primary responsibilities, to provide training and technical assistance to these local school districts.

The districts then submit a plan of action to us with a time line indicating when deficiencies will be corrected. After careful review from our office, we'll take appropriate action after looking at their plan.

INCREASE FOR REGIONAL RESOURCE CENTERS

Senator REID. Your budget request proposes an increase of $100,000 for five regional resource and evaluation centers, so that the centers can expand their efforts to help LEA's achieve academic gains, strengthen program evaluations, and increase accountability.

The average contract for the five centers would increase from $440,000 to $460,000.

Will this increase actually provide for an expanded program or would it be better to characterize the additional $20,000 per center as helping to offset the increased costs of doing business?

Mr. SAM. Certainly, some of those increases will be used to defer the increased costs in travel and rent, things like that. However, we propose that an additional amount of that money go to increase the centers' efforts in providing assistance to the local LEA's in order to increase their accountability—by helping the locals increase their program evaluations—in an effort to increase student academic gains.

These centers have been funded at current levels for a number of years now and we've found that they've had to decrease their level of effort. As the travel costs go up in certain geographical regions, the money hasn't gone up. This $100,000 would help offset increased travel costs, so that we could reach more of the grantees needing that particular type of service.

Senator REID. Senator Burdick, I didn't ask if you had questions initially. You're sure welcome to do that before I finish mine, if you have questions.

Senator BURDICK. I've just got one main question.

Senator REID. Please go ahead and ask it at this time. It's certainly appropriate.

HIGH SCHOOL GRADUATION RATE

Senator BURDICK. Maybe they haven't got the information for me.

What percent of Indian eighth grade graduates, whether in an Indian school or not, what percent of them graduate from high school?

Ms. DORSETT. Well, 300,000 Indians have not received a high school education; 60,000 of them have less than a fifth grade education at this point in time.

Senator REID. Sixty percent of the 300,000?

Ms. DORSETT. 60,000 Indians.

Senator REID. Would that be 300,000 plus 60,000?

Ms. DORSETT. No; 60,000 of the 300,000; 300,000 Indians have not received a high school education.

Senator REID. And 60,000 of those are not receiving a fifth grade education.

Ms. DORSETT. A fifth grade education, yes.

Senator BURDICK. Therein lies the middle of our problem.

Ms. DORSETT. That's true.

SCHOOL ATTENDANCE REQUIREMENTS

Senator REID. Are there rules—if my kids don't go to school, they have people call and if the phone doesn't answer, then they send somebody out and they make kids go to school.

Is that the same on the reservations?

Ms. DORSETT. Maybe John can respond to that.

Mr. SAM. We have a little bit more difficult time addressing this issue. You take, for example, Gallup-McKinley in New Mexico, which serves such a large area.

We've attempted under our title IV programs to provide home-school liaisons who will work to try to reduce the dropout rates. But there, again, the vast areas that we have to cover on the reservations certainly restrict us from doing the job that we'd like to do as far as our home-school coordinators and liaisons are concerned.

LOCATIONS OF NONHIGH SCHOOL GRADUATES

Senator REID. I wonder if there are any statistics based on Senator Burdick's question, whether these 300,000 are all located or what percentage of them are in more densely populated areas?

Mr. CORWIN. My understanding is that the biggest problems are generally on or near the reservations.

Senator REID. That's what I would think, too. That would not track with what you just said, Mr. Sam.

Mr. CORWIN. I think it does.

Mr. SAM. Yes; we're not able to reach them.

Senator REID. OK. I misunderstood you. I'm sorry.

Mr. CORWIN. One thing I could also add in response to Senator Burdick's question. Our 1980 census data, which is still the most recent information we have, found that among Indian adults over 25 years of age, 55.8 percent have completed high school. This was an increase from 33.3 percent in 1970.

So while we're still nowhere near the average for the general population, which is about 75 percent, we're definitely making progress in this area.

Senator REID. Senator Burdick, do you mind if I follow up on one aspect of this?

Senator BURDICK. I just want to ask one more question.

Senator REID. Please do.

Senator BURDICK. It's been my experience that those students that remain in high school, and those, of course, who will finish high school, are positioned better to meet the problems of the world than those that don't. Those that don't even graduate from the eighth grade aren't equipped emotionally or any other way to meet the problems, and we don't make any gains.

Ms. DORSETT. That's true.

Senator BURDICK. So I think we ought to figure out some way. I know in North Dakota, we entice them through athletics. One of the schools down in Sioux County had a championship football team at one time, I believe—it was either football or basketball. Their enrollment was the highest. They had an incentive.

This isn't your department. You're just telling us what the facts are, that we've got to find some way to entice these people and make it interesting to finish high school. At least their problems would be less as the years go on.

Thus ends my speech.

TESTS OF HIGH SCHOOL GRADUATES

Senator REID. Senator Burdick, following up on that, those that do graduate from high school, how do they do with their SAT's and the other tests? Are they comparable to the general population?

Mr. CORWIN. I don't have any data on that in my book here.

Ms. DORSETT. I don't have any data, but I would say that those who do graduate do as well as all others who have graduated from high school.

Senator REID. We could find that out by just simply checking that. Would you supply that information to the subcommittee?

Ms. DORSETT. Yes; we can do that.

[The information follows:]

PERFORMANCE OF INDIAN STUDENTS ON SAT'S

A draft report recently completed by the Bureau of Indian Affairs, entitled "Report on BIA Education: Excellence in Indian Education Through the Effective School Process," includes information on SAT scores. The report states that while SAT scores for Indian students are higher than those of black and Hispanic students, they are well below those of whites and Asians and the national averages. For 1984–85, the average verbal SAT score for Indian students was 392, compared to the national average of 431. For the mathematics portion of the SAT, the Indian average was 428 while the national average was 475.

DROPOUT PROGRAM

Ms. CHRISTENSEN. If I could add something to Senator Burdick's question. We do have a dropout demonstration program in the Department now, with a 1988 appropriation of $24 million.

Senator REID. How much?

Ms. CHRISTENSEN. $24 million. We'll be making awards this year. The competition is going on right now. Hopefully, some Indian children might be represented in some of the applicant school districts.

Senator BURDICK. I know that all students can't be athletes. But most of them participate in something.

Ms. CHRISTENSEN. Right.

Senator BURDICK. And that seems to be the one interest that holds them.

Ms. CHRISTENSEN. The purpose of this program is to identify those who are potential dropouts and encourage them in innovative ways to stay in school, and also to identify those who have already dropped out and try to get them back into school.

So the criteria would cover the kinds of things you're really interested in.

Senator BURDICK. A dropout, he stays a dropout most of the rest of his life. You can break the mold that way.

Ms. DORSETT. The resource centers have been informed of the dropout prevention funds, so we expect some applications from LEA's on or near reservations.

INCREASE FOR PAY RAISES

Senator REID. Your budget request includes an increase of $25,000 to cover the costs of both the January 1988 pay raise and the potential January 1989 pay raise.

How does the increase break out between these two?

Ms. CHRISTENSEN. The cost for annualizing the January 1988 pay raise in fiscal year 1989, that's October through December, is $7,500. And then the second part of that amount is the cost of the January 1989 pay raise in fiscal year 1989, which is January through September.

We estimate that at about $17,500. So those two added together total the $25,000.

TELECOMMUNICATIONS COSTS

Senator REID. OK. Most other agencies that appear before us are asking for more money for telecommunications and you're asking for less.

How has this been accomplished?

Mr. CORWIN. We are currently negotiating for a new long-distance system, which, we believe, based on the progress of the negotiations, will result in cheaper long-distance service than we currently have in the Department.

Therefore, we've projected that $4,000 savings.

Senator BURDICK. If you find that system is better, will you give me a ring? [Laughter.]

Mr. CORWIN. I'm not sure it will be better, but we understand it will be cheaper. [Laughter.]

OVERTIME ESTIMATES

Senator REID. You've also estimated less overtime will be required in 1989. Why is that?

Ms. CHRISTENSEN. We don't really budget in advance for overtime because we say each year that we're going to improve our management. In 1986, we used $2,600. In 1987, we used $1,800, as I recall. That was about a 30-percent decrease.

We had built in about that same level for 1988 for contingency. But then in 1989, we are going to be very efficient, managementwise. [Laughter.]

INCREASE FOR TRAVEL

Senator REID. Well, we've talked a lot about the efficiencies. Now with your travel—if the subcommittee were to approve your 1989 travel request, it would represent a 38-percent increase above the 1987 level.

What justification can you offer for such a large increase in a 2-year period?

Mr. CORWIN. Most of that jump comes from 1987 to 1988. We just have another $9,000 in for 1989. The 1987 amount was a low base year to take. We had had some discretionary funds that could have been used for travel, but they had to be used for the common support expenses of the National Advisory Council. Therefore, we had to cut back travel a little bit in 1987.

In 1988, the overall salaries and expenditures picture for the Office of Indian Education is quite a bit better and we're able to go out and do some more discretionary travel to provide the type of technical assistance that Mr. Sam was discussing. Then, if you have a problem with a district, if they're not filling out the forms correctly or you hear of a problem with their educational program, you can get out there and help them to fix it.

Also, we'll be able in 1988 to cover the full array of meetings for the National Advisory Council.

We feel that this is a good use of travel funds. It's necessary to travel to run a quality program.

For 1989, it's just a $9,000 increase that will allow us to maintain the level of travel that we have in 1988.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. Ms. Dorsett, we have other questions that we're going to submit to you in writing, and we would appreciate your prompt response.

Unless Senator Burdick has further questions, we extend to you our appreciation for your testimony and that of your associates and would ask that you respond to our questions at your earliest possible convenience so that the record can be completed.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

BUDGET REQUEST HISTORY

Question: Please provide a detailed listing, for the record, of the changes made at each level in the budget process for FY 1989. Include a narrative explanation of the changes.

Answer: The initial 1989 request for the Indian Education program from the Assistant Secretary for Elementary and Secondary Education to the Secretary included three alternative levels, $64.2 million, $65.2 million, and $65.7 million. The Department's request to OMB for Indian Education was $69.1 million, and the final OMB passback and the President's request were $67.7 million, a two percent increase over the 1988 appropriation level.

REGIONAL RESOURCE AND EVALUATION CENTERS

Question: If you expect there to be program expansion for the centers, can you discuss some specific actions you expect will occur?

Answer: The expanded center efforts would include increasing the number of workshops and site visits and expanding dissemination activities to help grantees improve their evaluation plans and to design better projects to increase student academic gains.

Question: Are the five centers funded equally? For the record, please provide the location and contract dollar amount for each of the centers for fiscal years 1987, 1988, and 1989.

Answer:

Center	Organization & Address	Funding 1987	Funding 1988
Center I	ORBIS Suite 200 1411 K Street, N.W. Washington, D.C. 20005	$448,300	$454,400
Center II	United Tribes Technical College 3315 South Airport Road Bismarck, ND 58501	$442,800	$416,800
Center III	United Indians of All Tribes Foundation 1945 Yale Place Seattle, WA 98102	$479,800	
	School of Education Gonzaga University Spokane, WA 99528		$453,100

Center	Organization & Address	Funding 1987	Funding 1988
Center IV	National Indian Training Center 2121 South Mill Avenue Suite 204 Tempe, AZ 85282	$446,800	$433,700
Center V	American Indian Resource Center, Inc. 9810 East 42nd Street, Suite 211 Tulsa, OK 74146	$436,300	
	American Indian Research and Development, Inc. 2424 Springer Drive Suite 200 Norman, OK 73069		$342,900

The amounts awarded to each center in fiscal year 1989 should be somewhat higher than the amounts awarded in fiscal year 1988 since an increase of $100,000 is requested. However, specific estimates for FY 1989 cannot be made because the contracts are cost-reimbursable.

SPECIAL PROGRAMS FOR INDIAN ADULTS (PART C)

Question: I understand that the current authorization for Part C is $2,797,000 for FY 1989. Your budget requests $3,500,000 for FY 1989, which exceeds the authorization by $703,000. What level was proposed in the Administration's reauthorization bill?

Answer: The Administration's reauthorization proposal requested an authorization level for Part C activities of $3,000,000 for 1988 and "such sums as may be necessary for each of the four succeeding fiscal years."

Question: Are there other authorization levels which have been proposed in either the House or Senate? What are they?

Answer: The House bill included a proposed Part C authorization level of $8 million for 1988, and the House and Senate provided for "such sums" for Part C for 1989-93.

REAUTHORIZATION LEGISLATION

Question: What are your expectations with regard to early enactment of authorizing legislation that would lift the authorization ceiling so that the Appropriations Committee could consider the higher figure?

Answer: The conference committee recently completed its work on H.R. 5, which includes the Indian Education program. The bill should be enacted by late April or early May.

BUILT-IN INCREASES

Question: How do you propose to cover the cost of the January 1988 pay raise in FY 1989? Did you request a FY 1988 supplemental, from either the Department or OMB, to cover these costs?

Answer: We did not request a 1988 supplemental appropriation to cover the January 1988 pay raise. Because the increased salary costs were offset by lower than estimated benefit costs for the Federal Employee Retirement System (FERS), the 1988 appropriation was sufficient to absorb the FY 1988 costs of the January 1988 pay raise. The 1989 budget request allows for the FY 1989 portion of those costs.

FEDERAL EMPLOYEES RETIREMENT SYSTEM (FERS) COSTS

Question: How many of your employees are now covered by the new Federal Employees Retirement System?

Answer: There are six employees in the Office of Indian Education Programs (IEP) and one employee from the National Advisory Council on Indian Education (NACIE) who are covered by the FERS system.

Question: How many employees converted to the new system during the "open season"?

Answer: No employees from IEP or NACIE converted to the FERS system during the open season. All of the FERS participants are new employees since 1984.

Question: In FY 1988, you received an appropriation of $73,000 to fund the expected increased costs of FERS. Is that the correct figure?

Answer: The 1988 appropriation allows for an increase in benefits costs of about $52,500.

Question: What do you estimate will be your actual FERS costs in FY 1988? In FY 1989?

Answer: The estimated FERS costs for 1988 and 1989 are $16,500 and $17,000, respectively.

REDUCTION IN EMPLOYEE OVERTIME AND AWARDS

Question: You are proposing a decrease of $11,000 in FY 1989 for employee overtime and awards. What were your actual costs for each of these two items in fiscal years 1986 and 1987, and what are your estimated costs in 1988 and 1989?

Answer: In FY 1986, only $2,600 was allocated for overtime and $5,600 for awards, due to the cutbacks under the Gramm-Rudman-Hollings sequester. The actual cost for overtime and awards in FY 1987 was $1,800 and $26,200, respectively. Our estimate for 1988 is $31,000, and we estimate $20,000 for 1989. Of the $11,000 decrease, $2,000 is from overtime and $9,000 is from awards. With a full-time director and with IEP at full staff, there should be little need for overtime.

Question: With respect to employee awards, is the basis for the decrease that you anticipate that your employees will perform more poorly in FY 1989 than in previous years?

Answer: No, the amount requested for awards is reduced to bring it down to a more realistic annual level. The amount for awards was artificially high in 1987 and 1988 to make up for the lack of any awards for staff under the General Performance Appraisal System in 1986.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

INDIAN EDUCATION ACT AMENDMENTS

Question: Both the House and Senate are in the process of reauthorizing the Indian Education Act through 1993. Each bill continues all the Act's currently authorized programs but proposes a number of changes that will affect student eligiblity and how the programs are to be administered.

Can you describe the differences and your preference between the two versions?

Answer: The major differences between the House and Senate bills and Department of Education preferences are described below.

Part A Programs

1. Eligible applicants for formula grant funding.

House changes. None
Senate changes. BIA-operated schools would become eligible for Part A formula grant funding.
ED Preference. We opposed the Senate provision. The Part A formula grant program is intended to provide financial assistance to locally controlled schools, whether operated by a typical public school district or by an Indian tribe. We believe the inclusion of federally operated schools would be contrary to the purpose of the program and result in additional overlap in Federal funding and a serious dilution of services to children in locally controlled schools.

2. Funding Formula.

House changes. None.
Senate changes. The Senate bill would permit a proportionate reduction in grant amounts for districts that do not meet the maintenance of effort requirement. The bill would also permit the use of average daily attendance rather than average daily enrollment figures in computing the allocation of funds.

ED Preference. The Department supported the Senate provisions. These provisions were proposed by the Administration in order to make the law more consistent with practice (States are only able to provide average daily attendance figures) and to make the maintenance of effort requirement more comparable to that used in other programs. Currently, failure to meet the maintenance of effort requirement in this program results in the loss of all funding rather than a proportion of funding.

3. Student Eligibility Certification.

House changes. The House bill would require that the form now used by the Department be for data collection purposes only, and that the determination of eligibility be made by LEAs and Title IV parent committees. Administrative review by the Department would be prohibited.
Senate changes. The Senate bill would prohibit any change in the eligibility form now used by the Department, require LEAs to submit eligibility forms with their funding applications, and require the Department to use the same standards of proof used in 1985-86.
ED Preference. The Department opposed both the House and Senate provisions. Under the Senate proposal, the Department would be prohibited from making needed changes, clarifications, or other improvements, including noncontroversial changes. This would inappropriately intrude into operational details that are best left to the executive branch and is inconsistent with provisions in both reauthorization bills that would amend the definition of "Indian," a revision that is reflected in a proposed revised form but not in the current form. The Department also found the House provision unacceptable. It would totally undermine the Secretary's authority and responsibility to ensure that program funds and benefits go only to those districts and children who are intended to receive them.

Part B Programs

1. Fellowships.

House changes. None.
Senate changes. The Senate bill would require the award of fellowships at least 45 days before the beginning of the school term.

ED Preference. The Department objected to the Senate provision because this is an administrative matter and is being adequately addressed by the Department.

2. New Programs.

House changes. The House bill would add a program of assistance to tribal divisions of education and authority for grants to reduce the incidence of dropouts and to encourage Indian students to pursue higher education.
Senate changes. The Senate bill would authorize a gifted and talented program through which grants would be awarded to three named recipients. (The Senate bill would place assistance for tribal divisions of education under the BIA.)
ED Preference. The Department opposed these provisions. Funds to support tribal bureaucracies should not come from a program intended to provide supplementary educational services to Indian children, as the House proposed. This provision would result in a reduction of services to the large numbers of children and projects that are not on or near reservations. The Department also opposed the Senate provision. We believe the impact of this program would be unjustifiably limited because it would exclude other, potentially more deserving, applicants. Also, authority to support gifted and talented programs already exists under Parts A and B of the current Act.

Question: How have you communicated your preferences to the respective Houses of Congress?

Answer: The Department's views on these provisions were communicated in letters to the Senate Select Committee on Indian Affairs and the conferees on H.R. 5.

CHANGES PROPOSED BY THE SENATE

Question: In the Senate version of the Indian Education Act reauthorization, language is included making BIA-operated schools eligible for Part A funds as though they were local educational agencies (pg. 13). What are the advantages of this proposal?

Answer: The total funding available to BIA schools could be increased if they become eligible for Part A funds. However, the Department is opposed to this provision because it embodies both unwise policy and an unsound approach.

Question: The Senate version of the Indian Education Act reauthorization proposes to change the basis for computing State per-pupil expenditures (on which formula grants are based) from "average daily enrollment" to "average daily attendance" (pg. 13). Please provide for the record the amounts schools will receive under both formulas for FY 1988.

Answer: This change in the statute would not have an impact on the amount of funds received by local educational agencies as

it would simply conform the statute with current practice. Average daily attendance figures have always been used in the formula because these are the figures collected by the Center for Education Statistics from all States.

Question: The Senate version of the Indian Education Act reauthorization proposes to revise the maintenance-of-effort requirement so that violation leads to proportionate reductions in, rather than ineligibility for, the next year's grant (pg. 14). For the past three years, please provide for the record a list of schools that have lost their eligibility and the violation associated with the lost eligibility.

Answer: Only one school district, Surprise Valley, California, has been judged ineligible for a grant due to failure to meet the maintenance of effort requirement or to justify a waiver. In FY 1987, this school district was denied a $3,551 grant.

Question: What would have been the proportionate reduction if this provision had been law at the time?

Answer: If the provision for a proportionate reduction had been in the law, the district would have received $3,110, or 92.8 percent of the award.

PART A AUDITS

Question: The Department of Education is required to conduct program audits of one-third of the formula grants each year. Since 1981, nearly all the local educational agencies have been visited at least once, and many two or three times. The FY 1989 budget suggests that telephone monitoring may be one way to reduce the costs of the audits yet yield the necessary information. How successful have the audits been in the past?

Answer: The audits conducted in the past have provided important information about the status of and need for projects and have resulted in the correction of deficiencies. The audits also have revealed that many Part A formula grantees lack some of the student eligibility documentation required to verify fully their Indian student counts. For the most part, this deficiency has not been resolved.

Question: When you say "telephone monitoring would still yield the necessary information," are you saying that this would provide the same information as the audit?

Answer: Telephone monitoring can provide general information about the progress of the projects and about problems the grantee would like to have assistance in resolving. This type of information and approach will often be adequate for very small projects and for projects that are found to be well managed. Necessary documentation could be mailed in for review.

PART A REQUEST

Question: You have requested an increase of $678,000 in FY 1989 for Part A of the Indian Education Act. This increase is proposed to be applied to the formula grant program in order to maintain current services and to continue the policy of gradually equalizing per-child payments under the two Part A programs. How did you compute current services for this program?

Answer: The term "current services" refers to the per-child funding level allowed by the 1988 appropriation.

Question: I can understand your desire to make the per-child payments equal, but I would be interested in knowing how you decided to increase the formula grant program rather than decrease the competitive based reservation grants.

Answer: The Department acknowledges the need for supplemental funding for the Indian-controlled schools (ICSs) because of their isolated locations and difficult operating conditions and, therefore, is not proposing a decrease in the existing level of ICS support.

Question: If the Senate version of the Indian Education Act amendments is adopted and BIA-operated schools are eligible for Part A formula payments, how many additional students would be added to the program?

Answer: An additional 30,000 students would be added to the program.

Question: What is the dollar amount of the per student impact of this proposal?

Answer: At the 1989 request level, the average per pupil payment would decline from $145 to $123.

TWO-YEAR FUNDING FOR FELLOWSHIP PROGRAM

Question: In FY 1988, Congress made amounts available pursuant to section 423 (the fellowship program) of the Indian Education Act available for obligation for two years. The FY 1989 budget proposes to drop this two-year authority. What will you be doing different this year that makes you feel this two-year authority is no longer necessary?

Answer: The 1989 budget proposal does request two-year availability for fellowship funds.

Question: When the funds were one-year funds, did any lapse?

Answer: When the fellowship funds were only available for one year, some funds did lapse.

PART C

Question: You have requested an increase of $500,000 in FY 1989 for Part C of the Indian Education Act ($3.0 million in FY 1988; $3.5 million in FY 1989). These funds are proposed to be used to increase the number of awards from 25 to 29. Why do you feel an increase in the number of awards is necessary in FY 1989?

Answer: The increase will enable approximately 740 additional Indian adults with the greatest need for basic adult education and adult literacy services to be served through the Part C program. Although there has been some improvement in the educational status of Indian adults (between 1960 and 1980 the percentage of Indians aged 25 and older with less than a fifth grade education went from 22 percent to 8 percent; the percentage with a high school diploma went from 18 percent to 56 percent), there is still a great need for assistance. More than 300,000 (44 percent) Indian adults aged 25 and older have not graduated from high school. About 60,000, or eight percent of this group, have had less than a fifth grade education.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

RECIPIENTS OF PART A FUNDS

Question: How many programs are now funded under the Part A set-aside for tribal contract schools?

Answer: Twenty-four Indian-controlled schools received 28 discretionary grants for projects that are being conducted this school year.

Question: Are these competitive grants and what is the average grant term -- one year or more?

Answer: These are competitive grants, and the average grant term is two years.

Question: What is the average per pupil expenditure per grant?

Answer: The Indian-controlled schools grants provide an average of $700 per student.

Question: Do you believe there are other programs available that provide grant money for the same purposes?

Answer: Several other Department programs also provide funds to Indian-controlled schools for supplementary services, including Chapter 1, the Indian Education Part A formula program, the Indian Education Part B program, and the Bilingual Education program.

Question: What percentage of the total Part A program is the set-aside?

Answer: The statute authorizes a set-aside of up to 10 percent of the Part A appropriation for the Indian-controlled schools program. For fiscal years 1987 and 1988, approximately 7.4 percent and 7.1 percent, respectively, was set aside for this program.

SUBCOMMITTEE RECESS

Senator REID. The subcommittee will stand in recess until Monday, March 28, at 8:30, when we'll hear testimony on the budget request for the Bureau of Mines and Office of Surface Mining.

The subcommittee stands in recess.

Ms. DORSETT. Thank you very much.

[Whereupon, at 11:10 a.m., Wednesday, March 23, the subcommittee was recessed, to reconvene at 8:30 a.m., Monday, March 28.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

MONDAY, MARCH 28, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 8:30 a.m., in room S–128, the Capitol, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, DeConcini, and McClure.

DEPARTMENT OF THE INTERIOR

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

STATEMENT OF ROBERT H. GENTILE, ACTING DIRECTOR

ACCOMPANIED BY:
ROBERT E. BOLDT, DEPUTY DIRECTOR
ANTHONY L. ITTEILAG, DIRECTOR, OFFICE OF BUDGET, DEPARTMENT OF THE INTERIOR

BUDGET REQUEST

Senator BYRD. The subcommittee will come to order.

This is the time scheduled for the Interior and Related Agencies Subcommittee to review the 1989 budget estimates for the Office of Surface Mining and the Bureau of Mines.

Testifying first this morning on behalf of the Office of Surface Mining [OSM] will be Mr. Robert Gentile, Acting Director of the Office of Surface Mining.

The fiscal year 1989 budget request is $260,160,000, which is a decrease of $41,345,000, or 14 percent, from the fiscal year 1988 appropriation to date. Of this total amount, $101,066,000 is for the regulation and technology account and $159,094,000 is for the abandoned mine reclamation fund.

Mr. Gentile, I understand this is your first time testifying before this subcommittee, and I understand it is the first time for you testifying before any congressional committee in your new role with the Office of Surface Mining.

PREPARED STATEMENT

It is a difficult and important job which you have. We have your prepared testimony, which will be inserted into the record at this point, as will your biography.

If you would please introduce your associates and briefly summarize your statement, we will then proceed.

[The statement follows:]

STATEMENT OF ROBERT H. GENTILE

I am pleased to appear before you to discuss the Fiscal Year 1989 budget request for the Office of Surface Mining Reclamation and Enforcement (OSMRE).

I have recently been appointed to serve as Acting Director of OSMRE. While new to the position, I am no stranger to the mining industry or to the regulatory programs that govern it. For the past 18 months I have served as special assistant for coal liaison to the Assistant Secretary for Land and Minerals Management. My focus was on coal issues with specific attention to the programs at OSMRE. Prior to that, I was an active coal miner, owner and operator. From my past experience in government, I bring a pragmatic view to enforcement of the Act.

I grew up in southeast Ohio and know that reclamation of mines is needed. I have reclaimed mines and know that reclamation is feasible and necessary. I know that coal mining can take place in an environmentally safe manner. As an owner and operator, I am committed to the principles of sound reclamation. I firmly believe in the objectives and goals of SMCRA. These goals include fostering responsible mining and reclamation and a productive coal industry within the parameters of a fairly administered regulatory environment.

I am committed to improving the agency's performance in carrying out our mission of supporting environmentally sound mining and reclamation. OSMRE's Fiscal Year 1989 budget proposal continues these commitments.

The request of $260.2 million represents a decrease of $41.6 million from the Fiscal Year 1989 base. Yet, OSMRE's Fiscal Year 1989 budget proposal is stable; despite the overall decrease, major programs will remain at current levels of performance. The decrease reflects a conscious reduction of some programs consistent with current needs for Federal fiscal austerity. Actual on-the-ground work will not be affected by the proposed decreases.

Increases are proposed to address our most critical priorities and allow us to carry on our mission. In general, the proposed budget continues the agency's commitment to the mandates set forth in SMCRA, by which the States have the primary responsibility to carry out program operations while we provide program oversight and technical assistance.

The following is a summary of the highlights of our request:

The Regulation and Technology appropriation is proposed at $101.1 million, a decrease of $1.3 million from Fiscal Year 1989 base.

The State Regulatory Program Grants funding request is for $41.9 million, an increase of $1.8 million over the base level. The Commonwealth of Kentucky's regulatory grant will be increased by $2.0 million, restoring it to a full level of $9.0 million. This increase is partially offset by a reduced level of funding for cooperative agreements to Indian Tribes. In Fiscal Year 1987, Tribes were allowed access to their Abandoned Mine Lands (AML) funds without first having to possess an approved Title V regulatory program. In light of the Tribes undertaking Title IV responsibilities, it is not anticipated that any tribes will develop a Title V program in 1989, thereby diminishing the need for cooperative agreements for program development. OSMRE will continue to provide technical assistance to the tribes at their request.

Consistent with recommendations from Congress, we have made oversight of State inspection and enforcement activities a major priority at OSMRE. Regulatory Program Operations is proposed to be funded at $20.4 million, the same level as the base. This activity includes inspection and oversight programs that will be maintained at their current program levels.

Funding for the Kentucky Settlement Agreement is proposed at $4.4 million, an increase of $740,000 over the base, consistent with the terms of the 1987 Settlement Agreement with the National Wildlife Federation. This funding level will allow the Commonwealth to carry out the initiatives and program actions in

the settlement agreement. As we explained last year, the settlement agreement is focused on solving past problems. The current State program is improving. These historic issues will be resolved by the Commonwealth with the assistance provided in FY 1988 and continuing through 1990.

On February 23, 1988, the cooperative agreement was signed, and the Commonwealth is already hiring staff. We have worked carefully with the State to develop a program that will implement the provisions of the agreement and thereby significantly improve regulatory enforcement of SMCRA in Kentucky. We anticipate expeditious implementation by the Commonwealth and feel that the Commonwealth is fully committed to improved enforcement as embodied by the settlement agreement.

Funding for **Technical Services, Training and Research** is proposed at $13.5 million, the same level as the base. Program commitments to training and research activities, especially in the area of remining, will remain at the 1988 level.

Assessments and Collections is proposed to be funded at $8.8 million, a decrease of $2.0 million. The decrease primarily reflects the completion of the software and systems development effort for the Applicant/Violator System.

I would like to briefly discuss the Applicant Violator System. The system has been operational since October 1, 1987. In the six months that the system has been available, over 1000 permit applications have been reviewed against the applicant and violator data contained in the system. The system has issued permit block recommendations in over 400 cases. Many of these cases were resolved through discussions between OSMRE and the operator or the State.

As we have previously reported to the Congress, the quality of the data in the system continues to be a problem since much of it is out of date and suffers from a high degree of inaccuracy. There are several reasons for this, primary among them is that before the information was automated, much of it was recorded and updated manually by the States. Reporting formats differed from State to State, creating a situation that requires further data checks and verification by OSMRE, in an effort to ensure that what is recorded and entered into the system is representative of the actual permitting situation.

Beginning in FY 1988 and continuing into FY 1989 we propose to undertake a large scale effort to improve the accuracy of this database and establish improved methods for data updating and quality control. In the long run we feel that this will not only improve the accuracy of the AVS output but will also reduce the amount of manual checks to validate findings made by the system.

In order to undertake this effort and give it the attention we feel is necessary, we propose to delay the collection and installation of state violation data in the system (Phase II) until FY 1990. We feel that this approach will improve the overall effectiveness of the system and in the long run reduce the cost of the system's operation and maintenance.

OSMRE continues progress in clearing up the backlog of past penalty cases. By the end of the current fiscal year, over $150 million in debt owed to OSMRE since 1986 will either have been collected or reclassified as uncollectible. Over the past two years, OSMRE has pursued every avenue to ensure full payment of all penalties owed where the violator has assets to pay the debt. In instances where the debtor is bankrupt or without assets and our collection activities have determined that there is no chance that the debt will be paid, OSMRE has reclassified such debt as uncollectible and ceased further collection efforts. Even in those instances, however, the debtor is be placed on the AVS and is as ineligible to obtain mining permits at any future time until the debt is paid and any outstanding violations are abated.

The **General Administration** funding request is divided between OSMRE's two appropriations, and then further divided into three subactivities. Total funding for the **Administrative Support** subactivity is proposed at $7.4 million, a decrease of $1.8 million. For 1989, OSMRE is proposing a reduction in its developmental efforts for its Coal Data Management Information System (CDMIS). The goal of integrating various computerized information systems within the agency remains valid. However, in order to ensure the highest quality in the

system's development effort, OSMRE proposes to extend the planning stage of the developmental cycle in Fiscal Year 1989. Consequently, a reduced level of funding is requested for Fiscal Year 1989.

The General Services subactivity is proposed to be funded at $6.8 million, a decrease of $850,000 from the base. This decrease is wholly attributable to the elimination of one-time funding for relocation costs associated with the consolidation of OSMRE headquarters in Washington from three separate locations into one building.

The Abandoned Mine Reclamation Fund appropriation is proposed at $159.1 million, a decrease of $40.3 million from the base.

State Reclamation Program Grants are proposed at $129.7 million, a decrease of $30.0 million. Although State obligation rates have improved, the States have not demonstrated that they are likely to increase obligation rates during the current budget year to a degree that would warrant funding in Fiscal Year 1989 at the Fiscal Year 1988 level. The Fiscal Year 1988 grant level, coupled with the Fiscal Year 1987 carryover of $274.6 million (the States obligated only $177.0 million in 1987), provided approximately $434 million to the States at the start of Fiscal Year 1988. Based on past program data, we do not anticipate that States will obligate construction awards at levels that approach the amounts awarded to them. For example, if the states obligate $190 million in FY 1988 (a figure that is considerably higher than that obligated in FY 87), there will be approximately $240 million available as a carryover amount. This amount, when coupled with the proposed FY 1989 budget authority of $129.7 million, provides approximately $370 million available to the states at the start of the Fiscal Year.

While AML construction projects are carried out in stages over several years, and the rate of fund obligation varies depending on State program management and procurement requirements, the AML program continues to have a large carryover of unobligated funds, which argues in favor of a reduction in funding for Fiscal Year 1989. This reduction will not adversely affect construction starts and will allow the States to continue program activities at present levels through the use of the existing backlog of funds and the new funding levels requested in our Fiscal Year 1989 proposal.

Tomorrow, in Cincinnati, I will be meeting with the representatives of the Abandoned Mine Land States. We will discuss the current concerns about the AML inventory and its role in the allocation formula. I would also like to mention to the Committee that we intend to continue minimum level funding programs in those States whose annual AML grant allocations would be less than $1.5 million and where sufficient priority 1 and 2 projects, listed in the AML inventory, justify it. The minimum-level amount would include the State share plus Federal-share funds needed to bring the total grant amount to the established minimum level, not to exceed $1.5 million depending on the cost of priority 1 and 2 sites in the AML inventory, as directed by Congress. We will closely monitor these States' ability to obligate the increased amounts. Additional funding will not be provided if it cannot be used efficiently and effectively.

Fee Compliance is proposed to be funded at $5.5 million, the same level as that of the Fiscal Year 1989 base. This level will allow the OSMRE Fee Compliance program to maintain its present level of effort and to focus on high priority audit targets.

The Reclamation Program Operations subactivity is proposed at $19.1 million, an increase of $5.5 million. The increase will be applied to the emergency projects program. In Fiscal Year 1988, a reduced level of new budget authority was appropriated for emergency projects due to a one-time carryover of emergency project funds from the previous fiscal year. That carryover accrued as a result of the revised 1985 emergency program guidelines which significantly tightened the criteria for emergency project funding. Increased funding in 1989 will allow the emergency program to continue at the Fiscal Year 1988 level which (considering the effect of the more restrictive funding criteria for emergency projects) will meet all expected emergencies under the program. OSMRE also continues to encourage the States to assume responsibility for the emergency

program since the State delivery mechanism is the most efficient and cost-effective way of coping with emergency situations.

No funding is proposed for the Rural Abandoned Mine Program (RAMP). This reflects the Administration's preference to rely on the State reclamation grants program as the primary delivery mechanism for reclamation services. State programs have the capabilities to address all types of reclamation projects, including those carried out under RAMP. Using the State to handle RAMP projects would assure that priority 1 and 2 projects are addressed first, increase program effectiveness and significantly reduce administrative costs of the program. It would also ultimately increase the amount of the fund available for project construction instead of administrative costs.

Mr. Chairman, I believe that our Fiscal Year 1989 budget contains the resources necessary to effectively carry out our regulatory mission and to maintain the initiatives that OSMRE has undertaken. This concludes my prepared testimony, and I would be pleased to answer any questions at this time.

BIOGRAPHY OF ROBERT H. GENTILE

Robert H. Gentile has recently been appointed Acting Director of the Office of Surface MIning Reclamation and Enforcement (OSMRE). Prior to his appointment at OSMRE, Gentile served for two years as Liaison for Coal Affairs to the Department's Assistant Secretary for Lands and Minerals Management. As a Liaison for coal Affairs, Gentile worked closely with OSMRE staff, constituent groups and the Congress. In this position, his focus was on regulatory reform.

Gentile has 12 years' experience in the coal industry in eastern Ohio where, before coming to the Department in 1986, he was Chief Executive Officer of the Ohio River Collieries Company in Bannock, Ohio.

He has participated in numerous organizations dealing with a complex array of issues affecting coal mining. and is a charter member of the National Coal Council.

Gentile also served for five years in the Peace Corps, where, as Deputy Director and Chief Program Officer of Brazilian Operations he specialized in program development, business management and long term planning.

A native of Ohio, Gentile holds a B.A. in political philosophy from Steubenville Franciscan University and an M.B.A. in international trade and finance from the University of Toledo.

SUMMARY STATEMENT

Mr. GENTILE. Senator, I welcome the opportunity to come here today and discuss the appropriation for the Office of Surface Mining.

Seated with me is Bob Boldt, Deputy Director of the Office of Surface Mining.

I do have a prepared statement which I would like to enter in the record, but I would also like to tell you a little bit about myself and my past experience with coal mining issues.

I grew up in southeastern Ohio and, like many of my colleagues, started working in the mines when I was about 16 years old. I held a series of jobs in coal mining, including working in the fair State of West Virginia for many years, both around the Clarksburg area and also down in Boone County.

I have had quite a bit of experience in mining, and after finishing graduate school I joined the Foreign Service and helped to manage a Peace Corps project for 5 years. I came back in 1975 just as the Surface Mining Control and Reclamation Act [SMCRA] was getting underway.

Shortly after that, a gentleman from West Virginia by the name of Dan Lusk assembled a group to form an organization called the Mining Reclamation Council.

I was chairman of the council and a charter member until I accepted a position with the Department of the Interior.

At the same time, I was a charter member of the National Coal Council.

As you can see, I have a fair exposure to coal, coal mining, and the issues.

In the fall of 1986, I joined Assistant Secretary Steve Griles as liaison for coal affairs, and for the last year and a half, I have dealt a lot with coal issues, primarily with OSM.

Having been the CEO of several coal companies, I know that reclamation can occur. One of the reasons that MARC was founded was that we felt that SMCRA was a workable piece of legislation and we firmly believed that reclamation could and should occur.

Being a farm boy, I have a tremendous respect for the land and surface operations. I know reclamation can occur.

DIRECTOR'S AGENDA

During my tenure at the Office of Surface Mining it is my commitment to make every effort to make sure that good reclamation occurs.

I have set up an agenda for the next few months. We have a couple of pieces of legislation we are working on.

One is wildcat mining, and another is remining. We are trying to get out a series of rules in the next few months that we hope will clarify some of the guidelines of SMCRA.

I also want to focus on programmatic issues.

Mr. Chairman, that concludes my statement. I would be happy to answer any questions you might have.

AML FUND

Senator BYRD. Your statement will be included in the record as if read in its entirety.

We will start off with a bit of background. My initial questions deal with the abandoned mine reclamation fund, or the AML program.

The 1989 budget request reduces reclamation funding by $40,396,000. That is down to a total of only $159,094,000. Most of this reduction is directed at State reclamation grants, which are down some $30 million, or 19 percent.

This reduction seems to reflect a bias within the administration against providing money for the AML program, as these State grant funds provide no direct benefit to the Department or to the Office of Surface Mining itself and as funds made available from the AML count against the overall budget and, therefore, such funds reduce the amount of money available for other programs.

Has this situation caused a bias within the administration against providing moneys for State AML programs?

Mr. GENTILE. I don't believe so, Mr. Chairman. One of the issues we have had to consider is the States' inability to obligate funds as they have become available. In 1987 we had a carryover of approximately $279 million. The States have yet to reach the $200 million spending level.

We think that with the $129 million requested in this budget plus the anticipated carryover from 1988 of $200 to $250 million, the States will have awards well in excess of their obligation rates.

The carryover plus the requested amount will give us approximately $300 million.

I think there is adequate funding for the States.

Senator BYRD. Do deposits in the AML come from taxes on coal production?

Mr. GENTILE. Yes, sir.

Senator BYRD. Do these deposits earn any interest while they sit unused in the fund?

Mr. GENTILE. Not to my knowledge.

Senator BYRD. Therefore, deposits in the fund lose by virtue of inflation the longer they sit unused in the fund?

Mr. GENTILE. I would imagine so, due to lack of interest earnings.

Senator BYRD. And the present balance in the fund is what?

Mr. GENTILE. Approximately $400 million, sir.

Senator BYRD. So if we assume an inflation rate of 4 percent, then the fund is losing something like $16 million a year to inflation, is it not?

Mr. GENTILE. I would agree with you, sir.

Senator BYRD. It seems to me that the Treasury then receives a free loan of some $400 million a year on which no interest is paid.

What incentive is there for the administration to release this money quickly?

Mr. GENTILE. We would like to propose that the fund becomes interest bearing.

It is currently under OMB's consideration.

Senator BYRD. How recently did you propose that the fund become an interest bearing fund?

Mr. GENTILE. During this past fiscal year.

Senator BYRD. What was OMB's reaction?

Mr. GENTILE. At this point we have not had a reaction.

Senator BYRD. Do you have any time period when that would be in?

Mr. GENTILE. It has been with OMB for over 60 days. We normally anticipate a 60-day response period.

AML PROGRAM PRIORITY

Senator BYRD. Do you consider the AML to be a major program?

Mr. GENTILE. Absolutely, sir.

As it progresses, the AML program will become more important, not only in terms of the work that is being done but also in terms of the OSM's role of encouraging such work.

Senator BYRD. Are the State reclamation grants being fully funded?

Mr. GENTILE. Within the funding of the proposed level, yes, sir, they are.

Senator BYRD. You say within the funding level proposed that they are.

What do you mean?

Mr. GENTILE. Could I ask Mr. Boldt to answer this question?

Mr. BOLDT. Mr. Chairman, our feeling is that there is sufficient funding to meet annual State needs based on the obligation rates to date. We haven't seen any instance that obligation rates are going to exceed the level of funding that is presently appropriated or set aside for obligation.

MINIMUM-LEVEL PROGRAM FUNDING

Senator BYRD. Are there any States who are not receiving their full amount?

Mr. BOLDT. The State share is based on the rate of collection of the tax in the State; 50 percent of it is returned to the State.

There are some States where we have established a minimum funding level program. This program supplements, with Federal dollars the amount of money that is necessary for the States who do not generate a sufficient 50-percent rate, to successfully operate their programs. In those cases we have established a minimum program.

Senator BYRD. What States are they?

Mr. BOLDT. Arkansas, Iowa, Kansas, Maryland, Oklahoma, Missouri, and North Dakota.

Senator BYRD. May I see?

Mr. BOLDT. Yes, sir.

[Pause.]

AML FUND DEPOSITS

Senator BYRD. How much has been disbursed from the fund in each of the last 3 years, and how much was deposited in the fund in each of the last 3 years?

Mr. GENTILE. In 1985, $225,032,000 was received. In 1986, $219,161,000 received. 1987, $215,303,000 received.

In 1985 we appropriated $296,941,000. In 1986, $197,277,000. In 1987, $203,720,000.

Senator BYRD. So the unobligated balances are increasing?

Mr. GENTILE. Yes, sir, they are.

INVENTORY UPDATE

Senator BYRD. Could last year's obligation rates have been dampened to some degree by the emphasis which the Office of Surface Mining placed on updating each State's inventory of abandoned mine sites?

Mr. GENTILE. I don't believe so, Mr. Chairman. There are only one or two States that took advantage of the opportunity. Most States did not.

Senator BYRD. I am informed that most States did update their inventory to a large degree and West Virginia spent a lot of effort in doing so. West Virginia spent nearly $500,000 in updating its inventory.

Mr. GENTILE. Yes; it is my understanding West Virginia did spend a considerable amount of money. We can supply the exact amount for the record.

But my understanding is that many States did not increase their inventory significantly. A number of States did nothing with inventory historically. In the last few years some other States have made efforts to increase their inventory.

Senator BYRD. This redirection effort has precluded the efforts that States otherwise could have made to increase actual reclamation. In other words, the States were involved in office work, in paperwork instead of reclamation.

If the States were occupied with the other work, the direction of OSM doesn't make sense. The actual mine lands reclamation efforts would have suffered in some degree.

GRANT ALLOCATION ALTERNATIVES

Mr. GENTILE. Absolutely, Mr. Chairman.

One of my greatest concerns is the amount of money that is being spent on maintenance of the inventory and, whatever that amount is, it is important that we track the recommendation on the ground.

I have had discussions with the State association representatives of the abandoned mine lands program. After this hearing, I am flying to Cincinnati to meet with them again to see if we can find another way to deal with this matter besides using inventory. I agree with you that the money spent in maintaining inventory is a paper chase.

Senator BYRD. I am glad you recognize that. I am also glad of what you are doing to explore the possibility of cutting some of the redtape.

Can you assure the Congress that any State that needs AML moneys and that has outstanding high priority projects will in fact have the necessary AML money made available to such States promptly?

Mr. GENTILE. Yes, sir, Mr. Chairman. I believe the Secretary would make that commitment and the Office of Surface Mining will stand behind it.

RELOCATION OF FEE COMPLIANCE CHARGES

Senator BYRD. Turning to Federal disbursements from the AML, I note that the budget contains charging of the cost for AML compliance against the AML itself.

Isn't the $5.5 million budgeted for compliance more appropriately charged against the regulation and technology account?

Mr. GENTILE. Absolutely, Mr. Chairman. I note that the money included in the AML account is for reclamation of land. I feel strongly that the money should be spent on the ground. We would be very interested in seeing that that charges for fee compliance be placed somewhere else rather than be subtracted from the reclamation in the AML appropriation.

Senator BYRD. Otherwise, it shifts additional costs to the AML and reduces funds that would eventually be available to the States for reclamation purposes. Do you agree?

Mr. GENTILE. Absolutely.

Senator BYRD. That together with the lost interest represents a $21 million drain on the AML, $16 million lost due to inflation and $5.5 million for fee compliance.

Now, we referred to the inventory update.

What was the purpose of that update?

Mr. GENTILE. Sir, the purpose of that update was that several States had been concerned that their inventory contents during the initial go-round was not adequate. The State of West Virginia, in particular, was very concerned that their initial inventory was inadequate.

So at the request of the States, we allowed them to reevaluate and update their inventories, as necessary.

WEST VIRGINIA'S INVENTORY UPDATE

Senator BYRD. It is my understanding that West Virginia's AML inventory increased dramatically as a result of the update process.

Did the OSM scrutinize all the proposed additions to the West Virginia inventory?

Mr. GENTILE. Mr. Chairman, the increase in the West Virginia inventory was a result of two factors; one, their inventory had been initially understated and second, as a result, new items were added to the inventory. OSM did scrutinize every expenditure over $500,000. There has been some concern that some items in the West Virginia inventory were not appropriate. OSM is currently re-examining those sites, in addition to sites in other States.

Senator BYRD. Is that inventory a fair reflection of the work that needs to be done in West Virginia? Is there any reason to believe that the inventory update was conducted in a manner that was biased in favor of West Virginia over other States?

Mr. GENTILE. No, Mr. Chairman. That has been a question that has been asked for the last several weeks.

I guess I can best explain it in the following terms: It is like a basketball game, everyone had the same book of regulations. Some referees interpreted those regulations with more liberty than others, and some coaches took a little more aggressive position in dealing with the regulations.

But our feeling, sir, is that all the States had the same guidance. Some States took more advantage than others, but the initial analysis is that all States were treated fairly and with equity.

Senator BYRD. So West Virginia can benefit as a result of an excellent job on the inventory update task?

Mr. GENTILE. Yes, sir.

INVENTORY UPDATE COSTS

Senator BYRD. Approximately, how much money was spent by all States in the inventory revision effort?

Mr. GENTILE. We would have to get that from the States, sir, and provide it for the record.

Senator BYRD. If you will provide a list of all the expenditures by States, State by State, for the inventory update.

[The information follows:]

Summary of resources devoted to AML inventory updates by State for the period August 1984 through September 1987

State	*Cost reported by State*
Alabama	$119,047
Alaska	1,430
Arkansas	116,945
Colorado	33,010
Illinois	34,083
Indiana	287,079
Iowa	268,761
Kansas	49,419
Kentucky	181,736
Louisiana	270,525
Maryland	20,596
Michigan	.....
Missouri	434,315
Montana	63,992
New Mexico	136,028
North Dakota	40,216
Ohio	260,872
Oklahoma	87,160
Pennsylvania	1,692,245
Tennessee	127,797
Texas	73,689

Summary of resources devoted to AML inventory updates by State for the period August 1984 through September 1987—Continued

State	Cost reported by State
Utah	$60,000
Virginia	595,571
West Virginia	957,688
Wyoming	202,675
Crow Tribe	.....
Hopi Tribe	25,244
Navajo Tribe	28,703
Total	6,168,826

ABANDONED MINE LAND INVENTORY

Senator BYRD. You also include, in addition to the old and new inventory update, you provide a third column percent difference.

Mr. GENTILE. We will provide that for the record, sir.

[The information follows:]

ABANDONED MINE LAND INVENTORY CHANGE FROM FISCAL YEAR 1987 ALLOCATION TO FISCAL YEAR 1988 ALLOCATION

State	Dec. 5, 1986 inventory	Dec. 5, 1987 inventory	Percent change
Alabama	$3,972,289	$34,390,972	+765
Alaska	10,000	363,587	+3,535
Arkansas	2,356,765	21,142,057	+797
Colorado	14,677,633	21,500,750	+46
Illinois	26,717,816	46,924,577	+75
Indiana	59,001,085	67,799,893	+14
Iowa	12,131,500	28,492,622	+24
Kansas	60,690,098	118,943,800	+95
Kentucky	518,196,897	624,755,220	+20
Louisiana	.....	.....	.....
Maryland	60,000	30,598,196	+50,896
Missouri	121,345,325	135,593,989	+11
Montana	10,528,431	19,297,183	+83
New Mexico	1,598,627	4,986,871	+211
North Dakota	4,015,000	11,953,591	+197
Ohio	111,959,529	206,595,730	+84
Oklahoma	47,719,539	139,597,470	+192
Pennsylvania	900,292,600	1,630,457,185	+81
Texas	10,440,250	10,486,500	.....
Utah	1,775,099	14,210,212	+700
Virginia	109,776,585	232,822,621	+112
West Virginia	78,630,167	2,349,813,369	+2,888
Wyoming	31,770,558	32,435,117	+2
Crow Tribe	.....	9,700	+9,600
Hopi Tribe	565,000	2,066,282	+265
Navajo Tribe	60,000	2,479,033	+4,031
Total	2,128,290,793	5,787,716,527	+172

ALLOCATION OF AML GRANT FUNDING ALTERNATIVES

Senator BYRD. With all of this expenditure of money and effort by West Virginia and other States, is it true that the OSM is considering not using the inventory as an allocation tool and as originally planned?

Mr. GENTILE. Mr. Chairman, that is one of the alternatives we are considering.

Again, I will be meeting with the States in the next day or so to see if we can come up with a distribution mechanism that is equitable, yet doesn't have the high end cost.

Senator BYRD. Will you be meeting with the States to see what they would like to do?

Mr. GENTILE. Yes, sir; we have planned a working session between OSM and the States.

Senator BYRD. Will you supply the subcommittee a letter outlining your decision on any new procedures——

Mr. GENTILE. Certainly, Mr. Chairman.

Senator BYRD [continuing]. As to the allocation of funds as soon as a decision is reached?

Mr. GENTILE. We will be happy to.

[The information follows:]

A letter outlining OSMRE's decision on new procedures regarding the allocation of AML funds will be forwarded to the committee as soon as the decision is reached.

MINIMUM LEVEL PROGRAM STATES

Senator BYRD. Mr. Gentile, in the last few years the OSM has operated something called a minimum program for State reclamation grants.

What is the purpose of this program?

Mr. GENTILE. Well, sir, one of the difficulties the States have is operating small programs when the funding levels for the programs drastically change from year to year because of appropriation levels and changes in tax revenues. A major problem they have is maintaining staff; bringing staff on when the appropriation is high and then dropping staff when funding goes down. In response to these fluctuations, OSM has implemented a program of minimum funding.

This is the first year that we have used it. We set the minimum level at $1.5 million. In all fairness, I must admit that we have some concern that the funding levels may be more than is needed. We will be re-examining the level.

The underlying concern is to provide these minimum program States with a stable funding level so they can proceed with their programs. I would also like to note that the program was implemented after consultation with both Appropriations Committees.

Senator BYRD. Would you provide for the record a listing of all minimum program States with the grant that each received last year compared with how much each would receive in fiscal year 1988 and fiscal year 1989?

Mr. GENTILE. Certainly, Mr. Chairman.

[The information follows:]

ABANDONED MINE LAND GRANTS FOR MINIMUM LEVEL LFUNDING PROGRAM STATES

	Fiscal year—		
	1987 (actual)	1988 (proposed)	1989 (projected)[1]
Arkansas	$124,204	$1,500,000	$1,500,000
Iowa	501,657	1,500,000	1,500,000
Kansas	1,257,665	1,088,973	1,089,182
Maryland	1,167,342	1,500,000	1,500,000
Missouri	3,049,660	1,500,000	1,500,000
North Dakota	2,575,918	1,500,000	1,500,000
Oklahoma	1,301,273	1,500,000	1,500,000

[1]Fiscal year 1989 allocations are based on fiscal year 1988 conditions with an estimated appropriation level of $128.7 million.

MINIMUM LEVEL PROGRAM STATES

Senator BYRD. Provide for the record also a list of all the minimum program States along with their regulatory program allocations in fiscal year 1987 and fiscal year 1988 as well as the anticipated allocation for fiscal year 1989.

Mr. GENTILE. Certainly, Mr. Chairman.

[The information follows:]

REGULATORY PROGRAM GRANTS FOR MINIMUM LEVEL FUNDING PROGRAM STATES

	Fiscal year—		
	1987 (actual)	1988 (actual)	1989 (estimates)[1]
Arkansas	$223,000	$210,610	$220,960
Iowa	136,012	136,200	160,348
Kansas	189,436	200,000	210,120
Maryland	494,448	508,870	400,000
Missouri	452,552	402,400	410,496
North Dakota	443,000	514,000	211,061
Oklahoma	815,944	816,000	822,000

[1]These figures are estimates that will undergo further review. They are submitted to OSMRE in draft form, 18 months prior to the actual award, with the understanding that they will be adjusted to fully reflect: annual appropriation levels, State needs, and State ability to provide matching funds.

MINIMUM PROGRAM VS. FEDERAL PROGRAM

Senator BYRD. If this minimum program was intended to provide enough of an incentive to induce these minimum program States to maintain regulatory primacy, then why in a number of cases do the AML grants exceed the State regulatory program grants by quite a lot?

Mr. GENTILE. Mr. Chairman, that is another issue that we have become aware of, or I have become aware of just recently. Again, it is one of those things that we want to look at very closely in the next few months.

There is concern that the minimum level may be too high in some States. So we are looking at a different strategy in terms of funding levels and in terms of the duration of funding.

Senator BYRD. Wouldn't it be cheaper not to provide the minimum grants in some cases and simply operate a Federal regulatory program in certain States?

Mr. GENTILE. We have run those costs, sir, and in most States, the cost of administering the Federal program in five of the States is more than the level of minimum funding. We have that analysis and would be happy to provide it.

[The information follows:]

OSMRE MINIMUM LEVEL STATES

State	Fiscal year 1988 regulatory grant	Cost of total Federal program	AML minimum level
Arkansas	$210,610	$1,188,900	$1,500,000
Iowa	125,000	759,150	1,500,000
Kansas	200,000	1,717,000	1,500,000
Maryland	508,870	1,631,346	1,500,000
Oklahoma	816,000	4,084,300	1,500,000
Missouri	402,400	2,132,000	1,500,000
North Dakota	440,000	1,538,075	1,500,000

RAMP FUNDING

Senator BYRD. The administration proposes no new funding for the Rural Abandoned Mine Program, the RAMP program.

Please provide a list by State of all the RAMP projects that have been designed or identified but which cannot be constructed within appropriations to date.

Mr. GENTILE. Mr. Chairman, we will supply that for the record.

[The information follows:]

Table 2

THIS CHART REPRESENTS THE AMLP SITES THAT ARE IN THE PLANNING PIPELINE
THE STATUS INDICATES D-DESIGNED DU-DESIGN UNDERWAY AW-WAITING DESIGN
ALL ARE WAITING TO SIGN LTP-150 AND FUNDING
The yr column indicates 110-designed before 10-1-87, 00-partical design or plan
THIS CHART IS SHORT BY FOUR STATES AS OF APRIL 1, 1988
OH, OK, IL, & TX

ST	YR	STATUS	SITE NAME	PRI	LATITUDE	LONGITUDE	COUNTY	COST ($)	MAJOR PROBLEM
AL	110	D	Glenn Calvert	1	34°00'00"	86°56'00"	CULLMAN	60,000	1000 l/f highwall - grade, shape, & stabilize 15 acres
AL	110	D	Jessie J. Swann	2	33°54'48"	86°58'25"	CULLMAN	20,000	grade, shape, & stabilize 5 acres
AL	110	D	William B. Mitchell	1	33°36'56"	86°54'44"	JEFFERSON	35,000	1 ac Water-filled pit - grade, shape, & stabilize 3 acres
AL	110	D	Walter J. Moore	1	33°59'45"	87°44'15"	MARION	200,000	2000 l/f highwall
AL	110	D	Burleson and Self	2	34°07'30"	87°47'45"	MARION	50,000	1000 l/f highwall - grade, shape, & stabilize 15 acresSediment
AL	110	D	Jessie Morgan	2	33°40'20"	86°16'15"	ST CLAIR	75,000	1 water-filled pit
AL	110	D	Lesson Robinson	2	33°48'42"	87°10'23"	WALKER	380,000	5000 l/f highwall - grade, shape, & stabilize 120 acres control acid drainage
AL	110	D	Reeves	2	34°02'30"	87°30'00"	WINSTON	90,000	500 l/f highwall - grade, shape, & stabilize 25 acres
AR	110	D	NORMAN/HOPKINS	2	35°14'00"	94°14'00"	CRAIGHEAD	350,000	Eliminate 3,000 l/f of highwall; grade, shape, & stabilize 140 acres; fill about 3,000 l/f of pits @base of highwall
AR	110	D	HAROLD ARNOLD	2	35°20'10"	93°59'10"	FRANKLIN	275,000	Eliminate 2,600 l/f of highwall; grade, shape, & stabilize 80 acres; fill part of pits.
AR	110	D	INEZ LITTRELL	2	35°20'10"	93°58'50"	FRANKLIN	244,000	Eliminate 600 l/f of highwall; grade, shape, & stabilize 51 acres; fill part of pits.
AR	110	D	ALLEN KING	2	35°20'25"	93°58'40"	FRANKLIN	105,000	Eliminate 1,600 l/f of highwall; grade, shape, & stabilize 21 acres; fill part of pits.
AR	110	D	MARGRET BURKS	2	35°34'00"	93°34'20"	JOHNSON	75,000	Eliminate 1,000 L.F. OF highwall. partially fill pit; grade, shape, & stabilize 15 acres;
AR	110	D	JERRY GOLDSMITH	2	35°30'00"	92°29'30"	JOHNSON	75,000	Fill pit; grade, shape, & stabilize 16 ACRES.

AR	110	D	DON JOHNSON (PART)	2	35°34'00"	93°34'40"	JOHNSON	52,500	Fill pit; grade, shape, & stabilize , 7 acres. stop creek from cutting across country and flooding highway.
AR	110	D	SMITH/DAVIS	2	35°11'00"	94°26'00"	SEBASTIAN	115,000	Eliminate 5,000 l/f of highwall grade, shape, & stabilize 36 acres; fill 1 pit
IL	110	D	Tri state	2	37°59'00"	89°00'00"	FRANKLIN	16,425	1 shaft
IL	110	D	Albon	1	37°51'00"	89°16'00"	JACKSON	25,000	1,500 l/f highwall
IL	110	D	Jane Malcomson	2	40°06'30"	90°27'30"	SCHUYLER	75,000	road - stabilize unstable highwall 80 ft high
IL	110	D	Bill Inman	2	40°07'40"	90°28'50"	SCHUYLER	80,000	highwall - stabilize gully over highway adjent to county road
IL	110	D	Lumbert	2	40°10'40"	90°51'18"	SCHUYLER	75,000	1 gob pile & stabilize 15 acres
KS	110	AW	Kansas Department Wildlife and Parks #36	2	37°11'57"	95°03'20"	CHEROKEE	375,000	5 acres of acidic surface water and 30 acres of eroding spoil piles detract from public use of this 50 acre area owned by the Kansas Department of Wildlife and Parks.
KS	110	AW	Joe O'Malley	2	37°18'18"	94°50'22"	CHEROKEE	175,000	5 acres of acidic surface water, 5 acres of acidic shale piles, and 50 acres of strip mined land need treatment to prevent off-site pollution problems.
KS	110	AW	Kansas Department Wildlife and Parks #22	2	37°26'11"	94°37'18"	CRAWFORD	94,000	Acidic water severely limits public use of this 25 acre strip mined area owned by Kansas Department of Wildlife and Parks.
KS	110	AW	Rickey A. Hurt	2	37°26'28"	94°38'07"	CRAWFORD	290,000	Drainage of acidic water and numerous sink holes from underground mines makes this 88 acre area a public hazard.
KS	110	DU	Jack Simone	1	37°15'36"	94°49'20"	CHEROKEE	330,000	3 public safety hazard areas (high walls), numerous acid water pits, and 5 acres of acidic gob piles exist within a 114 acre area of strip mined land.
KY	00	AW	Moore's Branch	1	38°12'54"	82°56'12"	Carter	60,000	five mines openings, 1 is burning
KY	00	AW	Charlie Blevins	1	38°12'40"	82°56'12"	Carter	20,000	3 mine opening to close in small comm.
KY	00	AW	Huff Run	1	38°15'28"	82°56'32"	Carter	250,000	2 mine openings, 1 coal tipple
KY	00	AW	George Thomas	2	37°50'08"	86°45'05"	Hancock	70,000	approx. 14 ac. of abandoned mine land
KY	00	AW	Allan Murphy	2	37°50'42"	86°40'50"	Hancock	136,000	approx 30 ac/ contri. to sedimentation
KY	00	AW	Joseph Gray	2	37°49'23"	86°43'46"	Hancock	46,000	
KY	00	AW	James Moffitt	2	37°50'42"	86°45'03"	Hancock	70,000	abandoned mine land consists of approx. 16 acres

KY 00	AW	Williams Bros.	2	37°17'05"	87°39'49"	Hopkins	87,500	acid drainage and sediment entering adjacent streams
KY 00	AW	Stambaugh	1	37°51'58"	82°43'50"	Johnson	80,000	open shaft (1) 20x10', highwall - 400
KY 00	AW	Thealka	1	37°49'32"	82°47'26"	Johnson	135,000	open shaft (3) acid runoff
KY 00	AW	Schindler	1	38°54'58"	82°58'8"	Johnson	85,000	sediment basin, severe erosion
KY 00	AW	Kermit/VanHoose	1	37°52'16"	82°47'15"	Johnson	15,000	open shaft (1) heavy mine drainage
KY 00	AW	P.A. Jones	1	° ' "	° ' "	Leslie	75,000	slide endangering residence and state hwy
KY 00	AW	Asher	1	° ' "	° ' "	Leslie	200,000	slide endangering 2 residences and Hwy 257.
KY 00	AW	William Cook	2	37°38'01"	87°17'23"	Mclean	120,000	acid drainage and sediment entering adjacent streams
KY 00	AW	Carl Hayden	2	37°38'01"	87°17'25"	Mclean	240,000	open shallow water pits are creating safety and health
KY 00	AW	Arnold Wireman	2	37°34'30	83°58'02"	Magoffin	55,000	poor water disposal creating severe
KY 00	AW	Trumbo-Engle	1	° ' "	° ' "	Perry	250,000	siltation has restricted flow of Mead.
KY 00	AW	L. Joseph	1	° ' "	° ' "	Perry	75,000	slide blocking county road
KY 110	D	Yancy Tipple	1	36°46'04"	83°19'15"	HARLAN	125,000	Remove old tipple & other abandoned equipment
KY 110	D	Billy Helton	2	36°53'22"	83°59'58"	KNOX	50,000	12 acres grading shaping and revegetating
KY 110	D	Smith & Young	1	37°54'18"	83°05'00"	MORGAN	676,660	5 large land slides 1 of which has already started blocking stream. proper water disposal stabilize 61 acres of critically eroding area
KY 110	D	Coleman	1	37°29'10"	82°34'50"	PIKE	5,000	Closing of 3 mine opening in back yards of homes
KY 110	D	Gilbert Rudd	2	37°30'51"	87°55'15"	UNION	249,000	Strip pits will be filled and 4,000' of highwalls reduced by grading and shaping spoil. 40 acres will be shaped and vegetated.
KY 110	D	Siler	1	36°42'03"	83°57'48"	WHITLEY	35,000	300 l/f highwall 2 mine openings public health & safety problem
KY 110	D	Bunch	1	36°45'42"	84°01'41"	WHITLEY	45,000	1 pit 4 mine opening & grade shape and stabilize 4 acres
KY 110	D	Anderson	1	36°44'47"	84°03'49"	WHITLEY	75,000	Silt pond grade shape and stabilize 12 acres
KY 110	D	Liberty	1	36°44'20"	84°12'35"	WHITLEY	20,000	Highwall silt pond grade shape and stablize 6 acres
MD 00	AW	Ralph Calandrella	2	39°22'45"	79°12'15"	Allegany	300,000	twenty acre gob pile site
MD 00	AW	Douglas Coal	2	39°24'45"	79°12'30"	Garrett	500,000	hazardous highwalls 30-45 feet high
MD 00	DU	Ross	1	39°32'00"	79°02'00"	Allegany	51,740	Large mine opening creates safety hazard
MD 00	DU	Spruce Hollow	1	39°37'00"	78°53'00"	Allegany	22,500	an old railroad fill w/plugged pipes
MD 00	DU	C. Harvey	2	39°21'40"	79°16'40"	Garrett	123,000	an unauthorized open trench/garbage dump

ND 00	DU	C. Harvey #2	2	39°21'40"	79°17'05"	Garrett	30,000	an unauthorized open trench and garbage dump
ND 00	DU	R. Cooper	2	39°21'17"	79°16'46"	Garrett	65,000	dangerous highwalls, extremely acid soils
ND 00	AW	Ihle, ANTON	2	46°01'20"	101°28'55"	Adams	52,500	sinkholes, burning coal
ND 00	AW	Papka, Darrell	2	46°00'20"	102°26'00"	Adams	420,500	open pits, highwalls
ND 00	AW	Denis Hansey	1	46°08'27"	103°08'04"	Bowman	10,500	sinkholes
ND 00	AW	Mabel F. Harder	1	46°08'50"	103°07'50"	Bowman	87,500	highwalls, spoilpiles, water
ND 00	AW	Kenneth W. Hedman	1	46°08'24"	103°08'04"	Bowman	28,000	sinkholes
ND 00	AW	J. L. Seifert	1	46°00'27"	103°08'18"	Bowman	49,00	sinkholes
ND 00	AW	Arvid Johnson	2	47°08'48"	100°42'00"	Burleigh	105,000	sinkholes
ND 00	AW	Michael Jaeb						
ND 00	AW	Lloyd Sprecher	2	46°23'10"	102°02'40"	Grant	59,500	highwalls, spoilpiles
ND 00	AW	Harold Hultberg	2	47°37'30"	101°18'00"	McLean	168,000	highwalls
ND 00	AW	Robert Iglehart	2	47°37'08"	101°40'54"	McLean	35,000	sinkholes
ND 00	AW	Beulah Airport Auth.	2	47°18'24"	101°45'09"	Mercer	50,000	sinkholes
ND 00	AW	Archie Bethke	2	46°42'50"	101°18'50"	Morton	52,500	highwalls
ND 00	AW	Leonard Blaich	2	46°53'06"	101°09'10"	Morton	24,500	highwalls
ND 00	AW	Paul Bueligan	2	46°52'06"	101°18'24"	Morton	21,000	highwalls, spoilpiles
ND 00	AW	Ray Filibeck	2	46°51'24"	101°43'24"	Morton	7,000	highwalls
ND 00	AW	Harold Friese	2	46°49'20"	101°18'02"	Morton	52,500	highwalls, sinkholes, spoil
ND 00	AW	Alton Graf	2	46°50'30"	101°33'27"	Morton	70,000	highwalls,, spoilpiles
ND 00	AW	Valdie Graf	2	46°51'20"	101°33'14"	Morton	14,000	highwalls
ND 00	AW	Ted Hanscom	2	46°45'15"	101°45'15"	Morton	17,500	highwalls, spoilpiles
ND 00	AW	Ray Heinie	2	46°43'12"	101°58'54"	Morton	14,000	highwalls, spoilpiles
ND 00	AW	Walter Holle	2	46°52'54"	101°30'27"	Morton	56,000	highwalls
ND 00	AW	Arnold Kaelberer	2	46°45'33"	101°17'15"	Morton	7,000	highwalls,spoilpiles
ND 00	AW	Karyl Kinnischtzke	2	46°54'03"	101°40'50"	Morton	17,500	highwall, spoilpiles
ND 00	AW	Donald Kramer	2	46°51'53"	101°27'40"	Morton	105,000	highwalls, spoilpiles
ND 00	AW	Jacob Larson	2	46°43'00"	101°35'15"	Morton	157,500	highwalls
ND 00	AW	Leonard Maier	2	46°52'54"	101°31'00"	Morton	28,000	spoilpiles
ND 00	AW	Thomas Petri	2	46°56'54"	102°01'15"	Morton	14,000	highwalls, spoilpiles
ND 00	AW	Lester Schatz	2	46°46'55"	101°51'30"	Morton	17,500	highwalls, spoilpiles
ND 00	AW	Max Thiele	2	46°53'33"	101°18'06"	Morton	31,500	highwalls
ND 00	AW	Leonard Maier	2	46°52'54"	101°31'00"	Morton	28,000	spoilpiles
ND 00	AW	Thomas Petri	2	46°56'54"	102°01'15"	Morton	14,000	highwalls, spoilpiles
ND 00	AW	Lester Schatz	2	46°46'55"	101°51'30"	Morton	17,500	highwalls, spoilpiles
ND 00	AW	Max Thiele	2	46°53'33"	101°18'06"	Morton	31,500	highwalls
ND 00	AW	Harvey Thorson	2	46°44'15"	101°34'03"	Morton	105,000	sinkholes, highwalls, spoilpiles
ND 00	AW	Norbert Underdahl	2	46°58'20"	102°02'30"	Morton	70,000	sinkholes, spoilpiles
ND 00	AW	Dwayne Hanzal	2	47°58'30"	102°07'30"	Mountrail	122,500	sinkholes

ND 00	AW	Martin F. Bornemann	2	47°07'45"	101°20'30"	Oliver	70,000	highwalls
ND 00	AW	George J. Hagel	2	47°03'55"	101°16'36"	Oliver	70,000	highwalls
ND 00	AW	Carl L. Buechler	2	47°58'18"	101°05'33"	Ward	320,000	highwalls
OH 110	D	Kurt McCracken	2	40°40'45"	81°32'45"	STARK	80,000	Eliminate an impoundment, seep and slip, & revegetate approximately 5 acres
OH 110	D	Glenn Indorf	2	40°40'45"	82°32'30"	STARK	20,000	Eliminate slip and treat a gully
OH 110	D	J. W. Crow	2	39°14'30"	82°27'45"	VINTON	300,000	Shape spoil, treat spoil, revegetate approximately 70 acres
OH 110	D	Woodbury Woods	2	40°17'14"	82°10'49"	COSHOCTON	6,000	Fill in mine shaft opening
OH 110	D	Lower Salem II				WASHINGTON		
OH 110	D	(4 contracts)	2	39°35'15"	81°24'30"	WASHINGTON	800,000	Shade spoil, install, runoff measure, and revegetate approximately 100 acres
OK 110	D	Bentley	1	36°23'10"	95°32'40"	Rogers	200,000	800 ft highwall, 20 acres to be revegetated
OK 110	D	Carson	1	35°24'15"	94°46'49"	Sequoyah	100,000	600 ft highwall, 10 acres to be revegetated
PA 00	AW	CARUSO P.	1	40°21'35"	79°57'15"	Allegheny	18,100	3 ACS., REMOVE SEVERAL MINE STRUCTURE, FILL SUBSIDENCE, REGRADE SMALL DEEP MINE SPOIL PILE WITH 1:1 SLOPES ERODING INTO DRAINAGE WAY.
PA 00	AW	FORWARD-MONGAH	1	40°12'40"	79°55'58"	Allegheny	17,000	1 AC., CLOSE 5 MINE OPENINGS LOCATED WITHIN 50 FEET OF MAJOR ROAD IN FORWARD TOWNSHIP.
PA 00	AW	IRANI M.C.	1	40°20'40"	80°06'38"	Allegheny	86,000	12 ACS., BACKFILL STRIP MINE WATERFILLED PIT APPROX 20 FEET DEEP WHICH RECEIVES MINE DRAINAGE WHICH CREATES UNSAFE ICE CONDITION. ONE DEATH HAS OCURR'ED BY DROWNING.
PA 00	AW	BISH R.C.'UNGER	1	40°58'13"	79°28'53"	ARMSTRONG	456,000	55 ACS., CLOSE TWO DEEP MINE OPENINGS, BACKFILL 2,500 FEET OF 40 FOOT HIGHWALL ADJACENT TO TWO HOMES.
PA 00	AW	KAUFMAN N'NULPH	1	40°57'30"	79°35'22"	ARMSTRONG	215,000	10 ACS., BACKFILL DANGEROUS HIGHWALL 70'25 FOOT HIGH NEAR HOME.
PA 00	AW	QUINN A.F.	1	40°52'02"	79°28'06"	ARMSTRONG	170,000	40 ACS., BACKFILL 40°60 FOOT HIGHWALL NEAR VILLAGE OF MOSGROVE.
PA 00	AW	VAROS M.J.	1	40°44'25"	79°40°00"	ARMSTRONG	60,000	5 ACS., CLOSE VERY LARGE DEEP MINE OPENIG WITH PROVISION FOR DRAINAGE WHICH HAS DENUDED 5 ACRES. SEDIMENT FROM SITE HAS COVERED RAILOROAD RIGHT OF WAY.
PA 00	AW	OPAUSKI'HORROW	1	40°52'02"	79°28'30"	ARMSTRONG	159,000	15 ACS., CLOSE 1 MINE OPENING, BACKFILL SPOIL AGAINST 500 FOOT LONG 25 FOOT HIGHWALL NEAR 5 HOMES. (PA(2965)

PA 00	AW	ARNHOLT PAUL A.	1	40°29'30"	80°28'00"	BEAVER	40,000	8 ACS., SPOIL WILL BE GRADED AGAINST 200 FOOT LONG 10 FOOT HIGHWALL NEAR HOME.
PA 00	AW	BEAVER COUNTY	1	40°48'30"	80°14'45"	BEAVER	160,000	46 ACS., SPOIL WILL BE GRADED AGAINST EXTENSIVE 30 FOOT HIGHWALL IN BRUSHCREEK COUNTY PARK WITH MORE THAN 100,000 VISITORS PEER YEAR
PA 00	AW	BETKE'OHLOR	1	40°47'55"	80°24'15"	BEAVER	700,000	70 ACS., SPOIL WILL BE GRADED AGAINST 1.5 MILE OF 60 FOOT HIGHWALL NEAR THE TOWN OF DARLINGTON
PA 00	AW	DODDS P.J.	1	40°50'45"	80°20'30"	BEAVER	1,387,500	72 ACS., BACK FILL AGAINST 2,000 FOOT LONG 75 FOOT HIGHWALL, WATER BODIESIMPOUNDED BY SPOIL, NEAR TOWNSHIP ROAD.
PA 00	AW	FAY ALBERT J.	1	40°28'40"	80°24'40"	BEAVER	180,000	30 ACS., GRADE SPOIL PILES AGAINST 1000 FOOT BY 30 FOOT HIGHWALL NEAR HOMES.
PA 00	AW	KAUFMAN'KOCH	1	40°45'00"	80°27'30"	BEAVER	128,000	27 ACS., SPOIL PILES WILL BE GRADED AGAINST 400 FOOT LONG BY 20 FOOT HIGHWALL NEAR HOMES.
PA 00	AW	VOJNOVICH P.&D.	1	40°41'00"	80°30'30"	BEAVER	1,500,000	80 ACS., SPOIL WILL BE GRADED AGAINST SEVERAL THOUSAND FEET OF 60 FOOT HIGHWALL WHERE SEVERAL HOMES ARE ABOVE.
PA 00	AW	SHOUSE JOE	1	40°09'12"	78°14'38"	BEDFORD	12,075	1 AC., CLOSE THREE DEEP MINE OPENINGS WITH PROPER DRAINS, REMOVE THREE STRUCTURES, GRADE DEEP MINE SPOIL PILE.
PA 00	AW	BLAUSSER K	1	41°07'30"	79°46'00"	BUTLER	175,000	25 ACS., BACKFILL HIGHWALL NEAR STATE HIGHWAY.
PA 00	AW	BOSSICK R E	1	41°04'30"	79°57'00"	BUTLER	126,000	18 ACS. BACKFILL HIGHWALL AND WATER'FILLED PIT WITH SPOIL.
PA 00	AW	CIOTTI A.L	1	40°53'59"	79°43'58"	BUTLER	200,000	25 ACS., BACKFILL HIGHWALL ADJACENT TO A SUMMER ART SCHOOL.
PA 00	AW	COLE B.L.	1	41°02'10"	79°55'20"	BUTLER	224,000	14 ACS., BACKFILL HIGHWALL ADJACENT TO ROADWAY AND SEVERAL HOMES.
PA 00	AW	FOGG J.H.	1	41°04'08"	79°53'25"	BUTLER	337,500	45 ACS., BACKFILL A 40 FOOT HIGHWALL ADJACENT TO 3 HOMES.
PA 00	AW	GABLE B J	1	41°04'30"	79°58'00"	BUTLER	105,000	14.5 ACS. BACKFILL HIGHWALL WHICH DROPS INTO WATER'FILLED PIT NEAR HOME FOR RETARDED CHILDREN.
PA 00	AW	HECHT H D	1	41°01'25"	79°57'00"	BUTLER	280,000	40 ACS. BACKFILLING A HIGHWALL WHICH HAS A PIT WITH WATER AT THE BASE.
PA 00	AW	JAMES W R	1	40°57'00"	79°55'00"	BUTLER	126,000	18 ACS.CLOSE TWO PORTALS AND GRADE SPOIL AGAINST HIGHWALL.

PA 00	AW	MAC TAGGART J W	1	41°06'45"	80°01'45"	BUTLER	210,000	30 ACS., BACKFILL HIGHWALL, PIT WITH WATER AND UNDERWATER PORTAL NEAR NEWHOMES AND MOBILE HOME PARK.
PA 00	AW	MRAVINTZ J.G.	1	40°59'40"	79°54'42"	BUTLER	360,000	20 ACS., BACKFILL A HIGHWALL WITH 2 MINE OPENINGS ADJACENT TO A HOUSING DEVELOPMENT.
PA 00	AW	SIMMONS R F	1	41°04'45"	79°54'53"	BUTLER	42,000	6 ACS., BACKFILL HIGHWALL CLOSE TO TOWNSHIP ROAD.
PA 00	AW	SMITH P C	1	40°52'27"	79°47'00"	BUTLER	154,000	22 ACS., BACKFILL HIGHWALL USED AS DUMP NEAR SEVERAL HOMES.
PA 00	AW	STOCKHAM J W	1	41°04'15"	79°57'00"	BUTLER	112,000	16 ACS., BACKFILL HIGHWALL NEAR ROADWAY WITH VERTICLE DROP TO PIT WITH WATER.
PA 00	AW	THORNBURY J B	1	41°01'45"	79°53'00"	BUTLER	105,000	15 ACS., BACKFILL HIGHWALL WHICH DROPS OFF TO WATER FILLED PIT.
PA 00	AW	WALKER G A	1	40°53'20"	79°45'00"	BUTLER	175,000	25 ACS. REMOVE BODY OF WATER AND FILL PIT NEAR TOWNSHIP ROAD AND CLOSE TOHOMES.
PA 00	AW	WATSON S	1	40°41'30"	79°50'00"	BUTLER	21,000	3 ACS., CLOSE DEEP MINE OPENING, GRADE SPOIL PILES NEAR SEVERAL HOMES.
PA 00	AW	BECKER P.F.	1	40°39'55"	78°46'00"	CAMBRIA	53,000	8 ACS., BACKFILL SPOIL PILE AGAINST 300 FOOT LONG BY 30 FOOT HIGHWALL ADJACENT TO VILLAGE OF ALLPORT.
PA 00	AW	BLACKLICK TWP S	2	40°30'03"	78°51'45"	CAMBRIA	28,000	4 ACS., REGRADE SPOIL PILE TO ACHIEVE STABLE SLOPES AND REMOVE HAZARDOUS MINE STRUCTURES IN THE VILLAGE OF TWIN ROCKS.
PA 00	AW	COLUMBUS THOMAS	1	40°28'35"	78°54'36"	CAMBRIA	58,000	5 ACS., BACKFILL AGAINST 20 FOOT HIGHWALL AND REGRADE DEEP MINE SPOIL PILE TO ACHIEVE STABLE SLOPES ADJACENT TO ROW HOUSES.
PA 00	AW	CRESSON TWP	1	40°28'20"	18°35'08"	CAMBRIA	674,000	30 AC., CLOSE VERTICAL MINE OPENING, REMOVE HAZARDOUS STRUCTURES, REGRADELARGE DEEP MINE SPOIL PILE TO ACHIEVE STABLE SLOPES ALL ADJACENT TO TOWN OF CRESSON.
PA 00	AW	DEAN TWP SUP #2	1	40°35'45"	78°30'35"	CAMBRIA	170,000	30 ACS., BACKFILL HIGHWALL WITH MINE SPOIL NEXT TO THE VILLAGE OF DYSART
PA 00	AW	DORAN R. ET AL	1	40°38'45"	78°45'30"	CAMBRIA	498,000	38 ACS., 2 MINE OPENINGS WILL BE CLOSED WITH DRAINS, EXTENSIVE HIGHWALL WILL BE BACKFILLED WITH MINE SPOIL.
PA 00	AW	GOLMICZ	1	40°37'45"	78°45'15"	CAMBRIA	220,000	20 ACS. DEEP MINE OPENING WILL BE CLOSED WITH DRAIN, 30 FOOT HIGHWALL WILL BE BACK FILLED WITH SPOIL.

PA 00	AW	PORTAGE TWP #2	1	40°21'57"	78°38'50"	CAMBRIA	34,000	1 AC., SUBSIDENCE, MINE OPENING AND SHAFT WILL BE EXCAVATED, DRAINED AND FILLED WITH ROCK NEXT TO STATE HIGHWAY.
PA 00	AW	STEINMAN, HARVY	1	40°21'35"	78°47'35"	CAMBRIA	200,000	30ACS., DEEP MINE SPOIL WITH HAZARDOUS SLOPES WILL BE REGRADED TO ACHIEVESTABLE SLOPES AND MINING STRUCTURES WILL BE REMOVED, ADJACENT TO SOUTH FORK BOROUGH.
PA 00	AW	VINTONDALE #2	1	40°29'00"	78°32'55"	CAMBRIA	25,000	2 ACS., DEEP MINE OPENING WILL BE CLOSED, REFUSE PILE WILL BE REGRADED TOACHIEVE STABLE SLOPES, HOMES WITHIN 50 FEET OF PILE.
PA 00	AW	WILMORE COAL#42	1	40°14'45"	78°56'10"	CAMBRIA	510,000	35 ACS., DEEP MINE SPOIL PILE WITH VERTICLE SLOPES WILL BE REGRADED TO ACHIEVE STABLE SLOPES, EXCESSIVE USE BY ALL TERRAIN VEHICLES, GARBAGE DUMPING.
PA 00	AW	COLD STREAM	1	40°52'50"	78°11'30"	CENTRE	200,000	49 ACS., CLOSE VERTICLE AIR SHAFT, GRADE SPOIL PILES AGAINST HIGHWALL.
PA 00	AW	ELLIS P.R.	1	40°49'30"	78°15'00"	CENTRE	100,000	20 ACS., CLOSE MINE OPENINGS, GRADE ERODING SPOIL PILE TO A STABLE SLOPE, REMOVE OLD TIPPLE.
PA 00	AW	FURST'CASANOVA	1	40°54'00"	78°08'30"	CENTRE	150,000	ACS., REGRADE SPOIL AGAINST ONE HALF MILE LONG 35 FOOT HIGHWALL, REMOVE LARGE ILLEGAL DUMP, ROAD IS ADJACENT TO HIGHWALL.
PA 00	AW	HOLLIS FRANCIS	1	40°51'05"	78°15'22"	CENTRE	8,000	1 AC., EXCAVATE SUBSIDENCE AREA AND FILL EXISTING VERTICLE OPENING.
PA 00	AW	LOVE A.M.	1	41°11'05"	79°17'30"	CLARION	210,000	30 ACS., BACKFILL SPOIL AGAINST A 1000 FOOT LONG 30 FOOT HIGHWALL ADJACENT TO SEVERAL HOMES AND A ROADWAY.
PA 00	AW	BAILEY W.J.	1	41°03'53"	79°36'59"	CLARION	187,500	25 ACS., BACKFILL A 200 FOOT LONG 25'40 FOOT HIGHWALL WITH SEVERAL MINE OPENINGS.
PA 00	AW	FRAMPTON H. #1	1	41°01'48"	79°31'22"	CLARION	120,000	15 ACS., BACKFILL SPOIL AGAINST 600 FOOT LONG 80 FOOT HIGHWALL, REMOVE 6 FOOT DEEP WATER IMPOUNDMENT, NEAR HOMES.
PA 00	AW	FRAMPTON H. #2	1	41°01'48"	79°31'22"	CLARION	120,000	15 ACS., BACKFILL SPOIL AGAINST A 50 FOOT HIGHWALL ADJACENT TO A ROADWAY.
PA 00	AW	FREEMAN G	1	41°11'00"	79°38'25"	CLARION	42,000	6 ACS., BACKFILL HIGHWALL WITH ROCK LEDGE NEAR ST. PETERSBURG VILLAGE.
PA 00	AW	GEORGE T.S.	1	41°01'48"	79°31'22"	CLARION	1,335,000	185 ACS., BACKFILL SEVERAL HIGHWALLS MORE THAN 10,000 FEET IN LENGTH AND 30'100 FEET HIGH.

PA	00	AW	KLINE M.P.	1	41°08'09"	79°23'14"	CLARION	140,000	20 ACS. BACKFILL 2 HIGHWALLS 1600 FEET LONG AND 40 FEET HIGH.
PA	00	AW	KLINGENSMITH CW	1	41°11'31"	79°20'18"	CLARION	84,000	12 ACS., BACKFILL A 500 FOOT LONG 40 FOOT HIGHWALL AND CLOSE A 10 FOOT DIAMETER DEEP MINE OPENING NEAR SEVERAL HOMES ADJACENT TO STRATTANVILLE.
PA	00	AW	MORTIMER R.	1	41°05'30"	79°29'00"	CLARION	64,000	8 ACS., BACKFILL SPOIL AGAINST A 500 FOOT LONG 50 FOOT HIGHWALL ADJACENT TO DWELLING NEAR RIMERSBURG.
PA	00	AW	STEEL W.	1	41°09'34"	79°14'32"	CLARION	660,000	110 ACS., BACKFILL 2 HIGHWALLS 4,000 FEET LONG AND 35 FEET HIGH NEAR SEVERAL SEVERAL NEW HOMES.
PA	00	AW	STEWART B.	1	41°06'10"	79°30'38"	CLARION	900,000	150 ACS., BACKFILL 400 FEET OF 40 FOOT SLIDE PRONE HIGHWALL WITH HEAVY SILTATION OF LICKING cREEK NEAR SLIGO.
PA	00	AW	CALLANDER J.N.	1	41°04'45"	79°37'45"	CLARION	350,000	27 ACS., BACKFILL SPOIL AGAINST TWO 2,000 FOOT 35'40 FOOT HIGHWALLS FILL'ING TWO IMPOUNDMENTS TOTALING 0.5 ACS. NEAR HOMES AND ROAD. (PA3154)
PA	00	AW	MYERS W T	1	41°08'29"	79°27'58"	CLARION	161,342	24 ACS., BACKFILL SPOIL AGAINST 1900 FEET OF 30°60 FOOT HIGHWALL NEAR SEVERAL HOMES AND ROAD. (PA6739)
PA	00	AW	BERRY D.L.	1	41°04'03"	78°26'46"	CLEARFIELD	469,000	67 ACS., BACKFILL HIGHWALL NEAR SEVERAL HOMES.
PA	00	AW	GRAHAM M	1	41°03'08"	78°19'24"	CLEARFIELD	490,000	69 ACS., BACKFILL AGAINST HIGHWALL NEAR SEVERAL HOMES.
PA	00	AW	HAVERSACK A.S.	1	40°57'00"	78°28'45"	CLEARFIELD	20,000	3 ACS., GRADE AND STABLIZE SPOIL BANKS ERODING INTO STREAM CHANNEL NEAR VILLAGE CLOGGING CHANNEL.
PA	00	AW	LEIDEN R.	1	40°47'52"	78°30'39"	CLEARFIELD	350,000	50 ACS., BACKFILL AGAINST HIGHWALL NEAR HOMES.
PA	00	AW	MAINEY R	1	41°07'30"	78°07'00"	CLEARFIELD	518,000	74 ACS. REMOVE 30 BY 75 FOOT UNSTABLE DIKE FROM ABOVE KARTHUS AND STABALIZE AREA.
PA	00	AW	MAQUIRE J	1	40°59'05"	78°13'40"	CLEARFIELD	77,000	11 ACS., BACKFILL HIGHWALL AND CLOSE DEEPMINE ENTRANCES.
PA	00	AW	SHIMMEL R.B.	1	40°57'52"	78°17'14"	CLEARFIELD	70,000	10 ACS., BACKFILL HIGHWALL, ADJACENT TO WALLACETON.
PA	00	AW	SROCK IRA	1	40°46'30"	78°25'30"	CLEARFIELD	70,000	10 ACS. BACKFILL SPOIL AGAINST 880 FOOT LONG 50 FOOT HIGHWALL AND TWO IMPOUNDMENTS

								TOATALING 75 X 1,000 FEET, SEVERAL HOMES NEARBY.
PA 00	AW	SWISTOCK PETER	1	40°52'00"	78°20'00"	CLEARFIELD	140,000	20 ACS., BACKFILL 1,000 FOOT LONG 30 FOT HIGHWALL, RERDIRECT MINE DRAINAGE, WITHIN
PA 00	AW	WEST F.	1	40°49'28"	78°22'09"	CLEARFIELD	7,000	1 AC., EXCAVATE AND FILL TO STABALIZE SUBSIDENCE, PIPE DISCHARGE TO OUTLET.
PA 00	AW	WOODS R.&E.	1	40°55'00"	78°20'18"	CLEARFIELD	112,000	16 ACS., BACKFILL HIGHWALL AND PIT 40 X 1,500 FEET WITH WATER.
PA 00	AW	ZAKUTNEY B	1	40°50'30"	78°22'00"	CLEARFIELD	84,000	12 ACS., EXCAVATE,STABALIZE AND FILL 4'S SUBSIDENCE NEAR STATE HIGHWAY.
PA 00	AW	ZAPSKY A.	1	40°49'32"	78°25'18"	CLEARFIELD	160,000	20 ACS., EXCAVATE AND FILL SUBSIDENCE, REDIRECT ACID MINE DRAINAGE.
PA 00	AW	HUBLER C.A.	1	40°57'36"	78°13'40"	CLEARFIELD	63,000	9.3 ACS., BACKFILL 1,800 FEET OF 30 FOOT HIGHWALL NEAR SEVERAL HOMES AND ROAD. (PA4536)
PA 00	AW	HUDOCK	1	39°53'48"	79°46'28"	FAYETTE	190,000	30 ACS., BACKFILL 1,500 FOOT LONG 30 FOOT HIGHWALL IN ACTIVELY URBANIZINGAREA.
PA 00	AW	HUTCHINSON	1	40°04'52"	79°50'02"	FAYETTE	18,000	1 AC., CLOSE HAZARDOUS DEEP MINE OPENINGS
PA 00	AW	KRICHBAUM	1	39°49'00"	79°49'30"	FAYETTE	220,000	57 ACS., SEVERAL DEEP MINE OPENINGS WILL BE CLOSED, EXTENSIVE STRIP MINE AREA WITH HIGHWALLS WHICH WILL BE BACKFILLED WITH SPOIL, SEVERAL HOMES SURROUND THE STRIPPED AREA.
PA 00	AW	BOLISH E.	1	39°54'00"	79°33'04"	FAYETTE	197,300	14 ACS., CLOSE 5 MINE OPENINGS, BACKFILL 2600 FOOT LONG 25'30 FOOT HIGH°WALL NEAR HOMES. (PA4702)
PA 00	AW	KAPUTA L.E.	1	39°49'00"	79°46'30"	FAYETTE	51,912	22 ACS., EXPOSE SUBSIDENCE VOIDS, CLOSE MINE OPENINGS, GRADE. (N.I.)
PA 00	AW	DUGAN, R.	1	39°56'24"	80°02'37"	GREENE	2,500	0.5 AC., VERY ACCESSIBLE AND HAZARDOUS DEEP MINE OPENING WILL BE CLOSED WITH PROVISIONS FOR DRAINAGE.
PA 00	AW	FADDIS, H.	1	39°57'12"	80°01'12"	GREENE	11,500	6 ACS., MINE OPENING WILL BE SEALED TO PREVENT STREAM FROM FLOWING INTO MINE, 25 FOOT HIGHWALL WILL BE BACKFILLED.
PA 00	AW	LEWIS, R.	1	39°57'00"	80°00'23"	GREENE	14,800	0.5 ACS., CLOSE MINE OPENING, EXCAVATEAND FILL SUBSIDENCE NEAR HOME.

PA 00	AW	MORGAN TWP	1	39°55'50"	80°04'15"	GREENE	1,000,000	63 ACS., DEEP MINE BURNING SPOIL PILE WITH VERTICLE SLOPES WILL BE REGRADED TO ACHIEVE STABLE SLOPES AND EXTINGUISH FIRE, LARGE DANGEROUS MINING STRUCTURES WILL BE REMOVED.
PA 00	AW	SEALS, G.	1	39°57'06"	80°00'33"	GREENE	3,000	1 AC., DEEP MINE OPENING ADJACENT TO SEVERAL HOMES WILL BE CLOSED.
PA 00	AW	COX, J.	1	39°47'34"	80°59'02"	GREENE	7,000	0.3 ACS., CLOSING 3 MINE OPENINGS 6 FEET HIGH AND 6'12 FEET WIDE BEHIND A WATERFALL. (N.I.)
PA 00	AW	CROTSLEY C.K.	1	40°15'20"	78°03'00"	HUNTINGDON	300,000	90 ACS., REMOVE DANGEROUS HIGHWALL BY GRADING SPOIL AGAINST IT.
PA 00	AW	ROSENSTEEL C.G.	1	40°22'00	77°52'10"	HUNTINGDON	30,000	12 ACS., REMOVE OLD MINING BUILDINGS, REGRADE ERODING, PARTIALLY BURNED SPOIL TO A STABLE SLOPE.
PA 00	AW	YANITY M.C.	2	40°44'40"	78°55'40"	INDIANA	325,000	62 ACS., STRIP MINE AREA WITH 1:1 SLOPES AND SPOIL PILES TO BE REGRADED AGAINST HIGHWALL.
PA 00	AW	PROMER W.H. II	?	40°43'02"	79°07'20"	INDIANA	40,000	
PA 00	AW	CONAL'GRACETON	1	40°30'35"	79°09'30"	INDIANA	366,175	44 ACS., CLOSING OF 2 MINE OPENINGS, REMOVAL OF HAZARDOUS BUILDINGS, UNDERGROUND SILOS, COKE OVENS AND BREACH UNSAFE IMPOUNDMENT. (PA2403)
PA 00	AW	MIKESELL'H'A	1	40°43'06"	79°07'30"	INDIANA	28,800	7.2 ACS., BACKFILL SPOIL AGAINST 600 FOOT LONG BY 25 FOOT HIGHWALL ALONG STATE ROUTE, HOMES NEARBY, ONE AT BASE OF HIGHWALL. (N.I.)
PA 00	AW	CARSON J.R.#2	1	41°14'00"	78°49'30"	JEFFERSON	420,000	35 ACS., BACKFILL 2,200 FEET OF 80 FOOT HIGHWALL ADJACENT TO SEVERAL HOMES.
PA 00	AW	ADAMS D.J.	1	40°53'31"	80°15'52"	LAWRENCE	64,000	8 ACS. BACKFILL AGAINST A 1,600 FOOT LONG 50 FOOT HIGHWALL ADJACENT TO SEVERAL HOMES AND AN ELEMENTARY SCHOOL.
PA 00	AW	AMBROSIA C.D.	1	41°00'00"	80°28'53"	LAWRENCE	1,644,000	318 ACS. BACKFILL AGAINST MORE THAN 4,000 FEET OF 60'150 HIGHWALLS WITH SEVERAL STEEP SIDED IMPOUNDMENTS. RESEMBLES A"MOONSCAPE".
PA 00	AW	HOFFMASTER A.G.	1	40°59'50"	80°28'09"	LAWRENCE	488,000	61 ACS. BACKFILL AGAINST A 1500 FOOT LONG 60 FOOT HIGHWALL AND IMPOUNDMENT ADJACENT TO A [illegible] ROAD
PA 00	AW	McCORMICK D.M.	1	40°59'48"	80°09'42"	LAWRENCE	100,000	45 ACS., BACKFILL AGAINST 2 HIGHWALLS 600 FEET LONG AND 30'80 FEET HIGH.

PA 00	AW	McCREADY S.W.	1	40°51'58"	80°23'37"	LAWRENCE	100,000	25 ACS., BACKFILL AGAINST AN 800 FOOT LONG 50 FOOT HIGHWALL WITH ONE HOMEIMMEDIATELY BELOW SPOIL.
PA 00	AW	PUROY J.	1	41°00'00"	80°28'53"	LAWRENCE	100,000	110 ACS., BACKFILL 1,500 FOOT LONG 90 FOOT HIGHWALLS AND 3 COLLAPSING ROOFS AND WALLS. AREA BOARDERS HILLSVILLE.
PA 00	AW	TILLIA F.L.	1	40°56'47"	80°14'21"	LAWRENCE	100,000	10 ACS., BACKFILL 2,100 FOOT LONG 50 FOOT HIGHWALL WITH A 20 FOOT DEEP IMPOUNDMENT.
PA 00	AW	WATT A.C.	1	41°03'10"	80°27'30"	LAWRENCE	100,000	70 ACS., BACKFILL 4 HIGHWALLS 2,000 FEET LONG AND 60 FEET HIGH WITH DEEP IMPOUNDMENTS.
PA 00	AW	WHITE J.B.	1	40°55'43"	80°28'42"	LAWRENCE	560,000	70 ACS. BACKFILL 1,000 FOOT LONG 50 FOOT HIGHWALL WITH A DEEP IMPOUNDMENT ADJACENT TO A TOWNSHIP ROAD.
PA 00	AW	JONES C	1	41°16'24"	80°06'24"	MERCER	100,000	15AC., CUT DOWN 150 FOOT LONG 30 FOOT HIGHWALL IN RECREATIONAL AREA.
PA 00	AW	MATTERS C	1	41°21'19"	80°29'02"	MERCER	49,000	7ACS., BACKFILL 400 FOOT LONG 30 FOOT HIGHWALL AND SMALL IMPOUNDMENT NEARTWO HOMES.
PA 00	AW	McQUISTON H.A.	1	41°19'32"	80°06'59"	MERCER	100,000	15 ACS., FILL A COLLAPSED MINE SHAFT FILLED WITH WATER WITHIN THE BOROUGH OF STONEBORO.
PA 00	AW	J.T. MINE	1	40°05'40"	78°52'30"	SOMERSET	185,000	20 ACS., CLOSE DEEP MINE OPENING, BACKFILL 30 FOOT HIGHWALL, ESTABLISH SURFACE WATER CONTROLS TO REDUCE SEVERE SURFACE WATER CONTROL PROBLEMS.
PA 00	AW	SHANK RUTH	1	40°11'54"	79°56'20"	SOMERSET	0000	3 ACS., CLOSE 8 MINE OPENINGS AND 1 VERTICAL AIR SHAFT.
PA 00	AW	PBS COAL INC DT	1	40°00'28"	78°55'28"	SOMERSET	378,520	40 ACS., GRADING AND BACKFILLING 2700 FOOT LONG 20'30 FOOT HIGHWALL, BURYDEEP MINE WASTE, PROVIDE DRAINAGE FOR WEEPING HIGHWALLS. (PA0782)
PA 00	AW	SVONOVEC, INC.	1	40°00'15"	78°48'30"	SOMERSET	151,000	50 ACS.,CLOSE MIONE OPENING, REGRADE SPOIL PILES, 1200 FEET FROMSHAKESVILLE. (PA3169)
PA 00	AW	EDWARDS JL J&LK	1	41'39'50"	77'07'00"	TIOGA	100,000	20 ACS., CLOSE MINE OPENINGS, REMOVE OLD STRUCTURES, REGRADE ERODING SPOIL PILES TO A STABLE SLOPE.
PA 00	AW	JONES R.M. #2	1	41'40'50"	77'03'15"	TIOGA	100,000	10 ACS., REGRADE SPOIL PILES AGAINST 2,500 FOOT LONG 20'30 FOOT HIGHWALL,CLOSE MINE OPENINGS, EXCAVATE AND FILL SUBSIDING AREAS NEAR SCHOOL IN BLOSSBURG.

PA 00	AW	LIOTTA JOSEPH	1	41°22'30"	79°34'21"	VENANGO	79,000	12 ACS., BACKFILL 1,000 FOOT LONG 50 FOOT HIGHWALL, PIT WITH WATER, ADJACENT TO GROUP OF HOMES WITH LOTS OF CHILDREN.
PA 00	AW	CEDARGROVE	1	40°18'15"	80°26'50"	WASHINGTON	296,000	44 ACS., BURNING DEEP MINE SPOIL PILE WITH VERTICLE SLOPES WILL BE REGRADED TO EXTINGUISH FIRE AND ACHIEVE STABLE SLOPES ADJACENT TO VILLAGE OF CEDARGROVE.
PA 00	AW	ELLSWORTH BORO	1	40°06'15"	80°01'40"	WASHINGTON	379,200	15 ACS., BURNING DEEP MINE SPOIL PILE WITH SMOKE, FUMES AND VERTICLE SLOPES CREATING PROBLEMS FOR RESIDENTS IN ELLSWORTH, WILL BE EXCAVATED AND COOL'ED AND REGRADED TO ACHIEVE STABLE SLOPES.
PA 00	AW	MEDDINGS F.	1	40°16'10"	80°14'40"	WASHINGTON	6,500	3 ACS., CLOSE VERTICLE SHAFT, REMOVE MINE STRUCTURE, GRADE SPOIL TO RELEASE IMPOUNDED WATER.
PA 00	AW	NICOLDZAKES K.	1	40°17'48"	80°07'00"	WASHINGTON	2,050,000	100 ACS., SEVERE EROSION OF DEEP MINE SPOIL, 20 & 30 FOOT GULLIES, THAT IS UNSTABLE, REGRADE TO ACHIEVE STABLE SLOPES, INSTALL EXTENSIVE WATER CONVEY* ANCE STRUCTURES.
PA 00	AW	RUGG DEBORAH	1	40°04'05"	80°10'05"	WASHINGTON	5,000	1 AC., CLOSE FIVE DEEP MINE OPENINGS ADJACENT TO STATE HIGHWAY AND RUGG HOME.
PA 00	AW	DERMOTTA	1	40°16'22"	79°46'21"	WESTMORELAND	22,000	1 AC., CLOSE HAZARDOUS MINE OPENINGS.
PA 00	AW	FORT BARR FARMS	1	40°21'40"	79°20'00"	WESTMORELAND	124,000	25 ACS., CLOSE MINE OPENING, BACKFILL 20 FOOT HIGHWALL, DRAIN IMPOUNDMENTTO CREATE WETLAND.
PA 00	AW	GABEL W. #2	1	40°16'08"	79°40'34"	WESTMORELAND	125,000	10 ACS., SUBSIDENCE IN RESEVOIR AREA WILL BE EXCAVATED, FILLED WITHxxIMPERVIOUS MATERIAL, WATER COURSE WILL BE REESTABLISHED BELOW DAM.
PA 00	AW	HORVAT FRANK	1	40°15'30"	79°40'30"	WESTMORELAND	65,000	7 ACS., BACKFILL 200 FOOT LONG 30 FOOT HIGHWALL NEAR SEVERAL HOMES.
PA 00	AW	MCGIFFIN W. A.	1	40°12'48"	79°31'48"	WESTMORELAND	66,000	10 ACS., CLOSE EASILY ACCESSED DEEP MINE OPENING, BACKFILL 700 FOOT LONG 20 FOOT HIGHWALL.
PA 00	AW	MT. VIEW LAND C	1	40°16'17"	79°27'50"	WESTMORELAND	96,000	30 ACS., CLOSE SUBSIDENCE HOLES WITH DIRECT ACCESS TO DEEP MINE, BACKFILL>1000 FOOT LONG 25 FOOT HIGHWALL.
PA 00	AW	NOVOSEL, N&N	1	40°31'35"	79°29'50"	WESTMORELAND	350,000	12 ACS. CLOSE DEEP MINE OPENING, REHOVE COAL STORAGE SILO, REGRADE SPOIL PILES.

PA 00	AW	OPERATING ENGNS	1	40°24'16"	79°26'55"	WESTMORELAND	95,675	12 ACS., BACKFILL SPOIL AGAINST 800 FOOT LONG 25 FOOT HIGHWALL, EXCAVATE AND FILL SUBSIDENCE, REMOVE DANGEROUS STRUCTURES.
PA 00	AW	BELLE VERNON IW	1	40°09'22"	79°49'25"	WESTMORELAND	63,800	>1 AC., CLOSE 12 X 20 FOOT, DEEP MINE AIR SHAFT IN A TOWNSHIP WITHxx RAPIDLY GROWING POPULATION. (N.I.)
PA 00	AW	I.D.C. INC	1	40°24'35"	79°38'25"	WESTMORELAND	175,500	12 ACS., BACKFILL SPOIL PILES AGAINST 1,200 FOOT LONG 30 FOOT HIGHWALL, STORM WATER CONTROL, NEAR DEVELOPMENT. (PA4398)
PA 110	D	Johnson, C.W.	1	40°11'58"	79°52'15"	Allegheny	17,500	1 ac., close two deepmine openings with provisions for drainage. (N.I.)
PA 110	D	Keystone Lake	1	40°46'12"	79°14'40"	ARMSTRONG	40,000	6 acs., seal discharging air shaft, segregate discharge from lake water and release into diversions planted with cattails to enhance discharge. (PA2937)
PA 110	D	Opacki	1	40°52'02"	79°28'30"	ARMSTRONG	159,000	15 acs., close 1 mine opening, backfill spoil agains 500 foot long 25 foot highwall near 5 homes. (PA2965)
PA 110	D	Mott-Mclure	1	40°48'45"	80°24'15"	BEAVER	901,859	56 acs., backfill with spoil against 3,650 foot long 50-70 foot highwall near Darlington. (PA6293)
PA 110	D	Thomas, D.S.	1	40°09'30"	78°14'10"	BEDFORD	52,900	3 acs., backfill 25 foot highwall 100 feet from home with spoil, remove hazardous structure, located two blocks from school. (N.I.)
PA 110	D	Fairview Twp.	1	41°00'00"	79°44'08"	BUTLER	43,484	7 acs. near Twp. park, close at least 5 mine openings, backfill 180 ft of 20-30 foot highwall. (PA3132)
PA 110	D	Anderson	1	41°01'00"	79°44'15"	BUTLER	169,305	30 acs., backfill spoil agains 2,500 feet of 40- 50 foot highwall 100 feet from dwellings and highway. (PA2932)
PA 110	D	Portage I	1	40°22'13"	78°39'35"	CAMBRIA	22,100	2 acs., remove several hazardous mining structures, regrade refuse piles. (PA2499)
PA 110	D	Myers, W.T.	1	41°08'29"	79°27'58"	CLARION	200,000	24 acs., backfill spoil agains 1900 feet of 30-60 foot highwall near several homes and road. (PA6739)

PA 110	D	Callander	1	41°04'45"	79°37'45"	CLARION	350,000	27 acs., backfill spoil against two 2,000 foot 35-40 foot highwalls filling two impoundments totaling 0.5 acs. near homesand road. (PA3154)
PA 110	D	Hock	1	40°55'00"	78°15'49"	CLEARFIELD	119,444	18 acs., backfill spoil piles against 2,600 foot long 25-30 foot highwall near 7 residences and State road. (PA7090)
PA 110	D	Bartolleti	1	41°18'00"	77°52'20"	CLINTON	80,000	40 acs., grade spoil against 300 foot long 30- 40 foot highwall eliminating waterbody. (PA1615)
PA 110	D	Kaputa	1	39°49'00"	79°46'30"	FAYETTE	51,912	22acs., expose subsidnce voids, close mine openings, grade. (N.I.)
PA 110	D	Bolish	1	39°54'00"	79°33'04"	FAYETTE	197,300	14 acs., close 5 mine openings, backfill 2600 foot long 25-30 foot highwall near homes. (PA4702)
PA 110	D	Cox	1	39°47'34"	80°59'02"	GREENE	7,000	0.3 acs., closing 3 mine openings 6 feet high and 6-12 feet wide behind a waterfall. (N.I.)
PA 110	D	Young Twp. #2	1	40°32'05"	79°18'30"	INDIANA	1,319,000	66 acs., backfill 3,400 of 40-80 foot highwall within 500 feet of homes. (PA3823)
PA 110	D	Coral-Graceton	1	40°30'35"	79°09'30"	INDIANA	366,175	44 acs., closing of 2 mine openings, removal of hazardous buildings, underground silos, coke ovens, breach unsafe impoundment. (PA2403)
PA 110	D	Pruner II	1	40°43'00"	79°07'28"	INDIANA	40,000	4.5 acs.backfill spoil against 400 foot 25 foot highwall 10 feet from state road. (N.I.)
PA 110	D	M-M-A	1	40°43'05"	79°07'29"	INDIANA	28,800	7.2 acs., backfill spoil against 600 foot long by 25 foot highwall along State route, homes nearby, one at base of highwall. (N.I.)
PA 110	D	Yost	1	40°51'58"	80°23'37"	LAWRENCE	157,470	11 acs., grade spoil against 1200 foot long 60 foot highwall eliminating hazardous 1.5 ac. water body. (PA1231)
PA 110	D	Kenzakowski	1	41°18'33"	75°52'20"	LUZERNE	200,000	2 acs., close 3 mine openings, near several homes in Swoyersville. (PA2229)
PA 110	D	Carlson	1	41°15'55"	80°07'35"	MERCER	75,922	8.2 acs., grade spoil piles to eliminate 150 foot long 20 foot highwall and pit, fill impoundment, near public road and homes. (PA3290)

PA 110	D	Lazarski	1	40°37'33"	76°29'09"	NORTHUMBERLAND	600,000	30 acs., close deep mine opening, treat subsidence areas, regrade, near many homes in Kulpmont Borough. (PA3621)
PA 110	D	Mary D	1	40°45'21"	76°03'29"	SCHUYLKILL	50,000	1.0 ac., close two subsidence openings near two homes and on county land open to the public.
PA 110	D	Denise Tipple	1	40°00'28"	78°55'28"	SOMERSET	372,520	40 acs., grading and backfilling 2700 foot long 20-30 foot highwall, bury deepmine waste, remove structures, provide drainage for weeping highwalls. (PA0782)
PA 110	D	Svonovec	1	40°00'15"	78°48'30"	SOMERSET	151,000	50 acs., close mine opening, regrade spoil piles, 1200 feet from Shakesville. (PA3169)
PA 110	D	Church	1	41°40'25"	77°01'00"	TIOGA	116,324	11 acs., closing two mine openings, regrading spoil piles near road. (PA1906)
PA 110	D	Ward	1	41°10'34"	79°56'27"	VENANGO	35,239	3.9 acs., backfill 500 foot long 20 foot highwall within 150 feet of dwelling and public highway.
PA 110	D	Zappone	1	40°20'30"	79°19'20"	WESTMORELAND	140,000	23 acs., raize 75 hazardous coke ovens, grade deep mine spoil, to reduce flooding in Peanut, Pa. (N.I.)
PA 110	D	Carpentertown	1	40°11'00"	79°30'50"	WESTMORELAND	160,815	41acs., grading of mine spoil, raizing of 200 hazardous coke ovens and 2 hazardous mining structures within Carpentertown near 15 families. (PA1220)
PA 110	D	Belle Vernon I.W.	1	40°09'22"	79°49'25"	WESTMORELAND	63,800	>1 ac., close 12 x 20 foot deep mine air shaft in a township with rapidly growing population. (N.I.)
PA 110	D	I.D.C.	1	40°24'35"	79°38'25"	WESTMORELAND	175,500	12 acs., backfillspoil against 1,200 foot long 30 foot highwall, storm water control, near development. (PA4398)
TN 00	AW	Coal Creek Mining Co.	2	36°07'20"	84°14'45	Anderson	130,000	12 open portals, 2 gob piles, impounding
TN 00	AW	Dedrick Johnson	1	36°28'22"	84°08'40	Campbell	200,000	Landslide, gob piles, highwalls
TN 00	AW	Doyle Hamblin	1	36°35'0	83°55'38	Claiborne	80,000	Acid runoff, highwall, water pits,
TN 00	AW	Long Branch	2	36°18'45"	85°03'45	Fentress	10,000	3 open portals
TN 00	AW	T. V. Peavyhouse	2	36°25'30"	84°57'30	Fentress	45,000	20 acres eroding area
TN 00	AW	Garrett Ledbetter	2	36°23'30"	84°54'30	Fentress	75,000	48 acres eroding area, acid water and
TN 00	AW	Grundy Co. High School	2	35°15'34"	85°44'45	Grundy	20,000	Approx. 3 acres of spoil piles
TN 00	AW	Tom Campbell	2	35°19'50"	85°43'45	Grundy	50,000	Hazardous pit of blue water
TN 00	AW	John Ed Webb #2	2	35°7 '32"	85°40'41	Marion	45,000	Appr. 8 acres of spoil

TN 00	AW	Webster Wms.(Gulman Mtn	2	36°35'20"	85°02'10	Pickett	22,000	5 acres w/highwalls and a water pit
TN 00	AW	Hiwassee Land Co.	1	35°31'15"	85°01'30	Rhea	80,000	Two gob piles, three portals
TN 00	AW	Hiwassee Land Co.	2	35°43'22"	84°56'15	Rhea	50,000	Two large gob piles into Bumbee Cr
TN 00	AW	Tom Daughterty	2	36°32'15"	84°32'00	Scott	1,450,000	25 gob piles, miles of highwall,
TN 00	AW	J. B. Huber Corp.	2	35°46'00"	85°25'54	Van Buren	25,000	5 acres w/a highwall and acid water
TN 00	AW	Donald Buckley	2	35°53'32"	85°15'04	White	60,000	60 acres of mine spoil and 11 w/pits
TX 110	D	Smith & Simson	2	32°47'00"	95°37'15"	WOOD	201,642	Public safety and health hazard due to cave ins over 46 acres, stagnate water, trash dumps, and insect vector grade shape and seed 46 acres .
TX 110	D	Consumer's Lignite	2	32°45'45"	95°37'30"	WOOD	183,311	Public safety and health hazard due to cave ins over 104 acres , stagnate water, trash dumps, and insect vector.
TX 110	D	Belknap Mine #3	2	08°45'25"	88°7'73"	ZAPATA	13,000	The pit is 8 feet deep and 20 feet in diameter. It is an old shaft that has caved in. Shape grade and drain 37 acres.
VA 00	AW	Starr Branch #1	2	37°18'00"	82°12'00"	Buchanan	23,430	Abandoned tipple will be removed/the site revег
VA 00	AW	Jess Fork #5	2	37°18'30"	82°13'30"	Buchanan	168,190	Remove 3 abandoned tipples and facilities
VA 00	AW	Jess Fork #4	2	37°18'00"	82°13'30"	Buchanan	256,025	Remove 2 abandoned tipples and facilites, cover 6 open portals
VA 00	AW	Eloise McClanahan	2	37°20'30"	82°08'45"	Buchanan	2,000,000	a large rock remaining on the outslope of an abandoned surface
VA 00	AW	Deel Fork #3	2	37°17'00"	82°13'00"	Buchanan	124,465	two abandoned facilities w/be removed, 3 open portals w/close
VA 00	AW	Six & Twentymile Cr.	2	37°18'00"	82°06'30"	Buchanan	1,000,000	close 9 portals w/proper drainage installed, remove 1 tip
VA 00	AW	Puncheon Camp #3	2	37°23'00"	82°06'30"	Buchanan	95,260	tipple w/ be removed and 4 deep open. covered
VA 00	AW	Puncheon Camp#2	2	37°23 30"	82°06'30"	Buchanan	77,660	tipple w/ be removed and 3 deep mine open w/ be closed
VA 00	AW	Puncheon Camp #1	2	37°24 00"	82°06'30"	Buchanan	13,640	remove tipple and revegetate area
VA 00	AW	Old House Branch #2	1	37°25 00"	82°05'00"	Buchanan	29,590	seal open. to excl. acc. and prev. cr. wat. fr. enter
VA 00	AW	Old House Branch #1	1	37°25 39"	82°05'30"	Buchanan	92,400	remove old tipple and close portals w/ necessary dra
VA 00	AW	Kelly and Bernice Els	1	37°12'30"	82°05'30"	Buchanan	221,320	7 deep mine open. w/ be closed
VA 00	AW	Jonah Stiltner, Jr	1		"	Buchanan	30,140	remove one tipple and revege. site install inter/exter

VA 00	AW	Jess Fork $4	2	37°18'00"	82°13'30"	Buchanan	228,800	remove 2 abandoned tipples, close six open portals
VA 00	AW	Hurricane Creek	2	37°06'30"	82°07'00"	Buchanan	70,000	close 7 portals w/proper drainage installed
VA 00	AW	Horseshoe Branch Race	2	37°24'00"	82°07'30"	Buchanan	267,960	remove downed tipple, cover 10 open portals
VA 00	AW	Harman #2	1	37°17'30"	82°12'30"	Buchanan	165,110	2 abandoned tipple sites w/be removed
VA 00	AW	George Collins RAMP	1	37°12'30"	81°58'30"	Buchanan	133,210	4 deep mine opening w/ be covered
VA 00	AW	Ervin Fleetcher	1	37°12'00"	81°58'30"	Buchanan	29,590	abandoned deep mine opening will be covered
VA 00	AW	Larry Mullins RAMP	1	37°08'00"	82°31'00	Dickenson	51,810	Restoration of approx. 1 mi. of stream
VA 00	AW	Lambert Land#3	1	37°00'30"	82°16'30	Dickenson	163,460	Two deep mine openings will be closed w/ dra. inst
VA 00	AW	Lambert Land #2	1	37°01'00"	82°17'30	Dickenson	65,560	Remove one old metal tipple and 200 ft. of old rail
VA 00	AW	Lambert Land #1	1	37°01'00"	82°17'30	Dickenson	51,920	Remove 1 old metal tipple and 200 ft. of old rail
VA 00	AW	Ferne W. Skeen RAMP	1	37°08'30"	82°27'00	Dickenson	45,210	A surface mine w/300 ft. of 30 ft. highwall adja. to a trail
VA 00	AW	Belcher, Fleming,	1	37°08'30"	82°31'30	Dickenson	69,850	Abandoned surface mine site will be regraded to con. drainage
VA 00	AW	Avin Rose	1	37°13'00"	82°18'00	Dickenson	209,330	cover 7 mine openings, remove 1 old structure and elim. a 200
VA 00	AW	Ace Eugene Austin	1	37°00'30"	82°16'30	Dickenson	242,460	2 mine openings w/be closed and mine spoil w/ be graded
VA 00	AW	Upper and Lower Ca. Br	1	37°13'00"	82°21'30	Dickenson	23,210	Remove old structure, construct highw. to a safe condition
VA 00	AW	Roaring Fork Dock	1	37°01'30"	82°18'00	Dickenson	29,260	old scale house and foundation w/ be removed
VA 00	AW	Helster Duty RAMP	1	37°05'30"	82°09'00	Dickenson	150,260	drainage w/be installed in the 3 portals and open. closed
VA 00	AW	Kenneth Childress	1	37°09'30"	82°31'00	Dickenson	161,810	site consists of 5 deep mine portals which w/ be closed
VA 00	AW	Keel Branch RAMP	2	37°08'30"	82°27'30	Dickenson	3,600,000	regrade and stabilize 5 acres of mined refuse
VA 00	AW	House Fork Structure	1	37°09'30"	82°21'30	Dickenson	39,600	remove 3 abandoned structures in an unsuitable cond.
VA 00	AW	House Fork Mine RA	1	37°08'30"	82°21'00	Dickenson	333,850	appr. 5 acres of mine spoil
VA 00	AW	VPI #2 RAMP	1	37°10'00"	80°29'15	Montgomery	50,000	4 abandoned deep mine open. w/ be sealed w/ rip rap,
VA 00	AW	West Dante RAMP	2	36°58'30"	82°18'00	Russell	117,700	stabilize appr. 3 ac. of mine spoil by proper drainage
VA 00	AW	Sourwood Mountain	2	37°01'30"	87°08'00	Russell	2,200,000	correct 1,800 ft. of 60 ft. highwall, regrade and revege.

VA 00	AW	Rita LaVona Perkins	1	37°02'00"	81°58'30	Russell	13,640	remove 1 abandoned tipple, regrade the site and revege.
VA 00	AW	Leonard Ralph Stilton	1	37°06'30"	82°00'00	Russell	43,230	2 abandoned deep mine open. w/be closed w/ proper drainage
VA 00	AW	Laurel Branch Tipple	1	36°59'00"	82°18'00	Russell	36,630	remove old loading tipple, install proper drainage
VA 00	AW	Hart Creek RAMP	2	37°01'30"	82°06'30	Russell	1,600,000	reclaim 1 mile of 30 ft. highwall
VA 00	AW	Dante Mountain RAMP	1	36°58'30"	82°16'30	Russell	160,600	remove 3 old structures, close 2 portals
VA 00	AW	Red Ash Gob RAMP	2	37°07'05"	81°52'30	Tazewell	320,000	4 acres of aban. mine ref. w/ no slides w/ be regraded
VA 00	AW	Mud Lick-Zeke Cr.	2	37°10'00"	81°52'00	Tazewell	2,500,000	correct hazards on 25,000 ft. of 50 ft. highwall, regrade
VA 00	AW	Crouse RAMP	1			Tazewell	40,000	one deep mine opening w/be covered and drainage inst
VA 00	AW	Tom's Creek Ranch	2	36°58'30"	82°26'30	Wise	750,000	Site is an approx. 20 acre coal refuse pile
VA 00	AW	G.C. Wharton RAMP	2	37°04'00"	82°40'40	Wise	398,200	Site consists of 20 acres of abandoned surface mined lands
VA 00	AW	Daniel Vanover RAMP	2	37°05'30"	82°32'00	Wise	18,150	sediment from adjoin. abandoned surface mine land is clogging
VA 00	AW	Tommy Wayne Wright	1	37°57'30"	82°32'00	Wise	34,980	a 400 ft. of 20 ft. highwall w/ appr. 50 ft. of overhanging
VA 00	AW	Dale Ridge RAMP	2	36°58'00"	82°28'30	Wise	128,150	a 10 acre refuse slope and bench w/ be regraded'
WV 00	AW	Robert Chambers						
WV 00	AW	Clinton E. Braham						
WV 00	AW	Patsy Magoros	1a	39°12'30"	79°59'00"	Barbour	25,000	2 mine openings, water backup in mine
WV 00	AW	Charles Brady	1a	38°59'00"	79°56'30"	Barbour	120,000	deep mine subsi. which created sev. large ho
WV 00	AW	Alva Row	1a	38°59'00"	79°56'30"	Barbour	120,000	deep mine subsid. which created sev. holes
WV 00	AW	Roy L. Stewart	2a	39°10'00"	80°10'30"	Barbour	1,200,000	slip hazard threatens Elk Creek, CSX Railroad
WV 00	AW	Ronald Reed	1a	40°20'14"	80°32'11"	Brooke	745,000	highwall (60'x3000') with 6 families nearby
WV 00	AW	Dean Smith	1a	40°17'02"	80°31'48"	Brooke	900,000	highwall (75'x5000), 1/4 miles from housing
WV 00	AW	Edward Reitter, Jr	2a	40°21'36"	80°34'57"	Brooke	100,000	highwall (40'x2400') 20 acres abandoned co.
WV 00	AW	William Moore	2a	40°18'39"	80°32'27"	Brooke	100,000	highwall (50'x2000')
WV 00	AW	Samuel Kirchner	2	40°17'30"	80°34'50"	Brooke	105,000	highwall (50'x500)
WV 00	AW	Joseph Cross	2	40°14'48"	80°37'20"	Brooke	200,000	50 ft. hi. impound. capa. of hold. 64 ac. ft.
WV 00	AW	Joseph Reed	2	40°19'40"	80°32'39"	Brooke	200,000	60 ac. of abandoned coal lands, highwall
WV 00	AW	John Mozeska	2	40°22'13"	80°34'36"	Brooke	200,000	highwall (30'x2000') 40 ac. abandoned coal land

WV	00	AW	Nancy Sue Hunter	2	40°20'58"	80°32'39"	Brooke	155,000	highwall (40'x500) near two housing developments
WV	00	AW	NuEast Mining Corp.	2	38°09'29"	81°19'57"	Fayette	60,000	4.5 acres steep unstable slopes
WV	00	AW	NuEast Mining Corp.	1	38°09'15"	81°20'03"	Fayette	190,000	2 mine openings, 11 acres steep
WV	00	AW	Hawley Coal Mining Cor	2	38°02'52"	81°13'30"	Fayette	20,000	1 mine opening, 1 ac. critical area, 1 bldg.
WV	00	AW	Hawley Coal Mining Cor	2	38°03'13"	81°13'57"	Fayette	90,000	6 ac. crit. area, trash dump, steep slopes
WV	00	AW	Hawley Coal Mining Cor	2	38°03'15"	81°15'13"	Fayette	90,000	Steep slopes, potential slip hazard, 6 acres
WV	00	AW	Bill Pack	1	37°56'43"	81°08'00"	Fayette	20,000	2 mine openings, 1 acre critical area
WV	00	AW	Mountain Laurel Res.	1	37°53'15"	81°10'17"	Fayette	20,000	2 mine openings, structure, 1 acre critical
WV	00	AW	Spruce Laurel Coal Co.	1	37°57'43"	80°56'31"	Fayette	50,000	Mine opening, 3 structures, trash dump,
WV	00	AW	Robert Garrison	2	39°21'00"	80°19'40"	Lewis	50,000	exposed coal seam, water pits, highw
WV	00	AW	WV Coals, Inc.	1c	39°02'00"	80°26'55"	Lewis	Lewis	4 acres mine
WV	00	AW	Orval Self	2	39°01'20"	80°41'50"	Lewis	50,000	slip hazard which blocks cty. rd ea. spr
WV	00	AW	Lucian Clint Adkins	1	38°05'00"	82°11'30"	Lincoln	20,000	8 mine openings within 160' of houses
WV	00	AW	Lessie Shelton	1	38°12'30"	82°11'15"	Lincoln	40,000	2 mine openings, refuse pile within '50
WV	00	AW	Jack Bonasso	2b	39°29'07"	80°15'35"	Marion	70,000	2 acres
WV	00	AW	Nick Chickerelli	2b	39°54'10"	80°14'20"	Marion	30,000	Landslide blocking road ditch on Cty
WV	00	AW	David Morgan	2b	39°26'34"	80°02'18"	Marion	76,000	2 mine openings producing water
WV	00	AW	Blair Wolfe	2a	39°2' 48"	80°12'28"	Marion	125,000	6 mine openings produ. acid water
WV	00	AW	Mark Matheny	1	39°34'00"	80°03'00"	Monongalia	5,000	mine opening w/water,coal,refuse
WV	00	AW	City of Morgantown, WV	1c	39°39'00"	79°55'15"	Monongalia	100,000	2 mine openings w/acid water flowing
WV	00	AW	Alvin and Alice Kerns	2a	39°29'30"	79°53'45"	Monongalia	60,000	highwall (15'x100'), refuse dump
WV	00	AW	Mary Judy Stockett	1a	39°40'00"	79°53'15"	Monongalia	50,000	6-8 mine openings near trailer park sub-div
WV	00	AW	Richard Malone	2b	39°33'30"	80°02'30"	Monongalia	70,000	1 mine opening, 15 acres critical area spoil
WV	00	AW	Elizabeth Wymer	1a	39°43'00"	79°53'30"	Monongalia	40,000	mine opening, highwall (15x50) 1 acre spoil crit.
WV	00	AW	Ada Hinshaw	1a	39°41'30"	79°55'30"	Monongalia	5,000	large opening due to mine subsidence
WV	00	AW	Victor L. Solomon	2a	39°37'00"	80°01'30"	Monongalia	60,000	mine opening w/large volumes of acid mine water
WV	00	AW	Jack E. Jamison, Jr	2a		"	Monongalia	24,000	3 mine openings w/acid water flowing
WV	00	AW	Mrs. Flora V. Dilliner	2	39°42'45"	79°51'30"	Monongalia	80,000	mine opening, highwall (20x100)
WV	00	AW	Frank W. Volk	1a	39°39'30"	80°00'00"	Monongalia	400,000	large highwall (90x800), overburden slides
WV	00	AW	Fred Weltner	2a	39°42'30"	79°54'00"	Monongalia	600,000	5-6 mine openings, structures, 15 acres spoil
WV	00	AW	Mary L. Murphy	2b	39°42'00"	79°59'30"	Monongalia	80,000	mine opening, large volume of acid
WV	00	AW	Rosedale Coal Co.	2c	39°42'00"	79°58'30"	Monongalia	100,000	10 acre slip prone spoil.
WV	00	AW	Asel Lee Kennedy	1	39°38'45"	80°03'45"	Monongalia	5,000	2 mine opening, one opening full of water
WV	00	AW	Paul M. Forman	2a	39°38'30"	79°52'00"	Monongalia	50,000	highwall, 2 ponds, garbage dump
WV	00	AW	Robert Chambers	1	39°24'23"	79°44'00"	Preston	250,000	1 deep mine opening, impoundment, 20 acres
WV	00	AW	Paul Ellison	2	39°28'45"	79°46'00"	Preston	50,000	10 acres critical area, 500 ft. highwall
WV	00	AW	Hugh C. Mayfield	2	39°25'40"	79°40'00"	Preston	20,000	2 acres coal refuse, 2 acres critical area
WV	00	AW	Max A. Messenger	2	39°32'20"	79°45'10"	Preston	300,00	coal refuse, acid mine water, 60 acres crit.

WV 00	AW	Glen Snider	2	39°27'25"	79°46'15"	Preston	120,000	1000 foot highwall, 15 acres critical area,
WV 00	AW	Donnie Thorn	2	39°26'40"	79°47'05"	Preston	160,000	Reduce 1000 ft. highwall, grading and backfilling
WV 00	AW	Francis Shaffer	1	39°24'23"	79°44'10"	Preston	15,000	needs backfilling and grading on 5 acres
WV 00	AW	Wade Ruggles	1	39°22'55"	79°44'10"	Preston	510,000	subsidence around homestead
WV 00	AW	Neal Braham	2	39°29'30"	79°46'20"	Preston	30,000	500 ft. highwall, 5 acre crit. area
WV 00	AW	Clinton E. Braham	2	39°29'30"	79°46'20"	Preston	30,000	300 ft. highwall, 5 acres of critical area
WV 00	AW	Kermit Galloway	1	39°38'30"	79°44'10"	Preston	300,000	1000 foot highwall, one mine opening
WV 00	AW	Hazel Sanders	2	39°21'50"	79°43'00"	Preston	40,000	500 ft.highwall/7ac. backfilling needed.
WV 00	AW	George W. Smith	2	38°31'10"	81°45'42"	Putnam	750,000	Groundwater contaminated from buried waste
WV 00	AW	Paul H. Kizer	2c	37°38'42"	81°13'13"	Raleigh	50,000	slip hazard into stonecoal creek
WV 00	AW	Paul H. Kizer	2c	37°38'37"	81°13'10"	Raleigh	350,000	actively eroding and slip hazard
WV 00	AW	Paul H. Kizer	2c	37°38'38"	81°17'11"	Raleigh	800,000	burning abandoned refuse
WV 00	AW	Paul H. Kizer	2c	37°38'38"	81°17'11"	Raleigh	800,000	burning abandoned refuse
WV 00	AW	Beaver Coal Co. Lim.	2c	37°41'29"	81°16'36"	Raleigh	50,000	2 mine openings, 6 structures
WV 00	AW	William Ours	2	39°00'00"	80°07'50"	Upshur	433,000	Highwall 45'x1800; gob pile 1/2 acre;
WV 00	AW	Earl Pratt	1	38°11'17	82°22'12"	Wayne	30,000	4 mine openings
WV 00	AW	Elba Hale	1	38°10'00	82°21'20"	Wayne	20,000	2 mine openings
WV 00	AW	Pardee /Curtin Lumber	2	38°22'05"	80°15'25"	Webster	100,000	1 mine opening, highwall (40x2000)
WV 00	AW	David L. Nutter	2	38°22'05"	80°22'25"	Webster	15,000	1 mine opening,highwall (20x50)
WV 00	AW	Jennings L. Wright	2	38°22'05"	80°22'25"	Webster	165,000	1 mine opening, highwall (30x1000')
WV 00	AW	Pocahontas Land Corp.	2c	37°38'42"	81°13'13"	Wyoming	250,000	14 mine openings, 5 acres refuse
WV 00	AW"	Paul Peaslee	2	39°29'00"	79°41'15"	Preston	50,000	500 ft. highwall, 2 acres coal refuse, needs grad
WV 110	D	Big Branch Site	2	37°25'15"	81°29'05"	MCDOWELL	500,000	25 acres refuse piles fire
WV 110	D	J. Earl Reiner site	1	39°39'00"	79°54'30"	Monongalia	39,800	3 mine opening 200 l/f highwall
WV 110	D	WVU Plant Sciences			"	Monongalia		
WV 110	D	Farm site	1	39°39'30"	79°54'00"	Monongalia	13,600	10 mine opening 100 l/f highwall 1 subsidence hole
WV 110	D	Anna Marie Johnson	1	39°39'30"	79°54'00"	Monongalia	13,600	10 mine opening 330 l/f highwall
WV 110	D	Mickey Barry site	1	39°39'00"	79°54'00"	Monongalia	1,400	1 mine opening 100 l/f highwall
WV 110	D	Pines Country Club	1	39°39'30"	79°54'30"	Monongalia	25,200	mine opening highwall refuse piles
WV 110	D	Robert Shuman site	1	39°35'45"	79°54'30"	Monongalia	5,700	2 mine opening
WV 110	D	Andrew Oleksa	1	39°35'45"	79°54'30"	Monongalia	5,700	
WV 110	D	Mrs. C. H. Hunter	1	39°41'50"	79°55'45"	Monongalia	121,500	250 l/f highwall 3 mine opening drainage .5 ac refuse pile 2 structures
WV 110	D	Ruth Garlow	1	39°41'50"	79°55'45"	Monongalia	40,500	400 l/f highwall 4 mine opening
WV 110	D	Lazelle/Batson	1	39°41'30"	79°55'50"	Monongalia	12,000	2 mine opening 1 structure
WV 110	D	Bernatowicz site	1	39°26'15"	79°44'00"	PRESTON	162,000	2,850 l/f highwall 4 mine opening
WV 110	D	Larry Cullison	1	39°26'15"	79°44'00"	PRESTON	40,000	2,450 l/f highwall 2 mine opening
WV 110	D	Leona T. Nicholson	1	39°26'15"	79°44'00"	PRESTON	162,000	900 l/f highwall 1 structure 1 mine opening

RAMP FUNDING BY STATE

Senator BYRD. Also, provide a list by State of all RAMP accomplishments in fiscal year 1987, with associated costs identified, and provide the same information for the fiscal year 1988 RAMP program by State.

Mr. GENTILE. Certainly, Mr. Chairman. That is information that we have to request from the Department of Agriculture. We will be happy to supply that.

[The information follows:]

THIS CHART INCLUDES THE MAJORITY OF RAMP SITES
THAT WERE CONTRACTED DURING
FISCAL YEAR 1987 AND FISCAL YEAR 88
THIS CHART INCLUDES ALL OF FY 88 CONTRACTS SELECTED AS OF APRIL 1, 1988

ST	YR	STATUS	SITE NAME	PRI	LATITUDE	LONGITUDE	COUNTY	COST ($)	MAJOR PROBLEM
AL	88	D	Curtis Williams(So.)	1	34°08'33"	86°30'06"	BLOUNT	98,000	800 l/f highwall
AL	88	D	Curtis Williams(No.)	1	34°08'49"	86°32'27"	BLOUNT	97,000	800 l/f highwall - grade, shape, & stabilize 19 acres - 1 water filled pit
AL	88	D	Dollie Thrower	1	34°08'49"	86°32'26"	BLOUNT	60,000	660 l/f highwall - grade, shape, & stabilize 12 acres
AL	88	D	Cherrybrook	1	33°36'49"	86°54'33"	JEFFERSON	120,000	11 open shafts - grade, shape, & stabilize 25 acres
AL	87	D	USXCorp(Black Diamond No.9)	1	33°07'00"	87°06'03"	Bibb	26,250	Seal 2 open shafts - grade, shape, & stabilize 7.5 acres
AL	87	D	USX Corp(Lowerytown)	1	34°06'13"	87°08'35"	Bibb	5,000	Elimate 1 ac water filled pit
AL	87	D	Bibb Co (Lowerytown)	1	34°06'13"	87°08'35"	Bibb	13,000	Grade, shape and vegetate 1.4 ac
AL	87	D	Mrs. Gus Woods	1	35°09'26"	86°32'07"	Blount	44,240	800 l/f highwall - grade, shape, & stabilize 6 acres
AL	87	D	Gary Lynn McRae	1	35°09'26"	86°32'07"	Blount	62,875	800 l/f highwall
AL	87	D	Margaret Abbott	1	34°08'55"	86°30'00"	Blount	43,600	900 l/f highwall - grade, shape, & stabilize 10 acres
AL	87	D	Bobby Dyer	1	33°31'12"	87°38'46"	Clarke	145,100	l/f highwall - grade, shape, & stabilize 14 acres - 1 water filled pit
AL	87	D	School Indemnity Lands	1	34°01'30"	87°24'00"	Colbert	62,139	1,400 l/f highwall - grade, shape, & stabilize
AL	87	D	Harvey Drummond	1	33°52'47"	87°03'45"	Walker	13,923	Elimate slide prone area 1.6acre & sediment damage from 1.6 acre
AR	87	D	Authur Ketter	2	35°20'0"	94°01'0"	Baxter	92,370	900 l/f highwall - grade, shape, & stabilize 25 acres - fill pit
AR	87	D	Robert Qualls	2	35°30'0"	93°30'0"	Johnson	16,155	200 l/f highwall - grade, shape, & stabilize 3 acres - fill pit
AR	87	D	Donald Johnson	2	35°34'0"	93°35'0"	Johnson	46,165	300 l/f highwall - grade, shape, & stabilize 7 acres - fill pit
IL	88	D	Hall	2	37°42'10"	88°31'52"	SALINE	85,000	1,500 l/f highwall producing acid runoff from pit at base
IL	88	D	Vera Cowser	2	40°36'20"	89°46'05"	PEORIA	6,000	1 air shaft
IL	88	D	Herbert Beattie	2	38°07'10"	89°42'55"	RANDOLPH	17,000	1 gob pile producing acid runoff & stabilize 5 acres
IL	87	D	John Biver	1	37°46'10"	88°50'30"	Madison	16,000	air shaft

IL	87	D	Walter Hamlin	1	41°16'15"	89°07'15"	La Salle	62,000	shaft
IL	87	D	Dowell	2	37°56'45"	89°14'00"	Jackson	33,000	Subsidence
IL	87	D	Leroy Scharf	2	37°28'30"	90°05'00"	St Clair	30,000	acid runoff
IL	87	D	Kathryn Horney	2	40°14'00"	90°42'30"	Schuyler	17,000	acid runoff
IL	87	D	Hobart Ault	2	40°33'30"	90°10'15"	Fulton	13,796	acid runoff
IL	87	D	Victoria Township	2	41°03'30"	90°10'00"	Knox	49,000	township road
IN	88	D	Herman Hobbs	2	39°05'00"	87°15'00"	SULLIVAN	2,000	1 air shaft, & 2 subsidence holes
IN	88	D	David Thomas	1	38°21'36"	87°13'38"	PIKE	5,600	1 air shaft
IN	88	D	Ralph Bertram	1	38°21'44"	87°13'27"	PIKE		1 air shaft
IN	88	D	Wright L. Portteus	1	38°03'07"	87°21'25"	WARRICK	12,300	1 air shaft
IN	88	D	Ronald Shekell	1	37°57'29"	87°16'46"	WARRICK	10,300	1 open sfaft & 1 air shaft
IN	88	D	SEIGELIN, DALE W.	1	39°29'42"	87°06'32"	CLAY	10,950	PARTTIALLY FILLED SHAFT
IN	88	D	KNUST, MAX	1	39°26'11"	87°07'12"	CLAY	8,300	WATER FILLED SHAFT OF UNKNOWN DEPTH
IN	88	D	VITZ, CALVIN	1	39°26'07"	87°07'15"	CLAY	10,040	TWO SHAFTS TO BE FILLED
IN	88	D	BRYANT, RICHARD	1	39°18'00"	87°03'20"	CLAY	23,550	2 SHAFTS, 2 SUBSIDENCES TO BE FILLED, OLD STRUCTURE TO BURY
IN	88	D	MEGENHART, RONALD	1	39°24'52"	87°05'32"	CLAY	5,450	2 PARTIALLY FILLED SHAFTS
IN	88	D	LILOUP, LEONARD	1	39°35'55"	87°10'30"	CLAY	4,300	TRASH FILLED SHAFT, SUBSIDING FILLED SHAFT
IN	88	D	EDER, JOHN E.	1	39°33'58"	87°06'32"	CLAY	6,925	25' DIA. SHAFT TO BE FILLED, TRASH FILLED
IN	87	D	Sherwood Templeton Coal Co.	2	39°06'00"	87°15'00"	Sullivan	23,700	Water filled shafts and trash clean up
IN	87	D	Fred Place	2	39°04'27"	87°14'55"	Sullivan	11,800	Water filled shaft with flowing water
IN	87	D	Larry Austin	2	39°13'35"	87°22'20"	Sullivan	7,250	Particalltially filled shaft and bury trash
KY	88	D	Flaugher	2	38°12'43"	83°57'14"	CARTER	170,000	Stabilize critical gully erosion created by poor water disposal. provide proper water disposal for protection of homes and highway below area
KY	88	D	Add Hollow	2	37°07'58"	83°45'49"	CLAY	125,000	Burning refuse pile & grade shape and stabilize 12 acres
KY	88	D	Hal Miller	2	37°37'30"	87°14'05"	DAVIESS	20,000	Spoil will be used to fill open pit and to reduce the 100 l/f highwall. 2 acres of land reconstruction and vegetated
KY	88	D	Fitzpatrick	1	37°40'30"	82°46'50"	FLOYD	10,000	40 mine openings which are a public health & safety problem
KY	88	D	Harlan Fuel	1	36°46'21"	83°19'33"	HARLAN	40,000	6 impoundments stabilize area by grading and revegetating
KY	88	D	Ed. Browning	1	36°44'43"	83°15'30"	HARLAN	80,000	Stabilize 2 acre slide and grade and vegetate site
KY	88	D	Tweet, et. al.	2	37°18'08"	84°41'27"	HOPKINS	200,000	Strip pits will be filled by grading and shaping of spoil. 4,000 l/f highwalls will be reduced and 35 acres will be vegetated

KY 88 D	E. Adams	1	37°28'00"	84°04'34"	JACKSON	20,000	grade shape and stabilize 4 acres of mine refuse & 1 mine opening
KY 88 D	Morgan	1	37°12'00"	83°22'11"	Leslie	230,000	Stabilize slide and grade and vegetate site
KY 88 D	Marsh Creek(7 150s)		° ' "	° ' "	McCreary	0	Highwall 1500 l/f 6 impoundments 5 deep pits of water stabilize area by grading and revegetating 80 acres
KY 88 D	McCreary Co ID Corp	1	36°38'31"	84°25'54"	McCreary	157,500	Whitley City
KY 88 D	Geneva Baird	1	36°37'15"	84°23'11"	McCreary	38,000	Winfield Tn-Ky
KY 88 D	Dolphus Anderson	1	36°38'34"	84°22'03"	McCreary	27,000	Holly Hill Ky
KY 88 D	Simon Taylor #1	1	36°37'11"	84°22'45"	McCreary	27,000	Winfield Tn-Ky
KY 88 D	Simon Taylor #2	1	36°37'01"	84°23'09"	McCreary	27,000	Winfield Tn-Ky
KY 88 D	Simon Taylor #3	1	36°37'06"	84°23'09"	McCreary	27,000	Winfield Tn-Ky
KY 88 D	Darrell Neal	1	36°37'56"	84°20'59"	McCreary	50,000	Holly Hill Ky
KY 88 D	Charles Ellis	1	37°24'46"	86°57'16"	OHIO	40,000	Land reconstruction on 3 acres by grading and vegetating. close 2 mine shafts
KY 88 D	Edwards	1	37°24'46"	86°57'16"	Hancock	48,000	
KY 88 D	O.C. Wyatt	2	37°17'12"	87°39'52"	Hopkins	50,000	acid drainage and sediment entering adj. streams
KY 88 D	Jerry Southerd	2	37°18'53"	86°49'34"	Ohio	200,000	Highwall 2500 l/f grade shape and stabilize 25 acres of mine refuse.
KY 88 D	Winston Adkins	1	37°24'00"	82°31'30"	PIKE	3,000	Closing of 2 mine opening in back yards of homes
KY 87 D	V. Johnson	1	37°28'58"	84°06'24"	Jackson	9,625	Remove tipple 1 acre critical area stabilization
KY 87 D	Muncy	1	37°11'46"	83°22'09"	Leslie	159,090	6 acres land reconstruction remove slide & revegetation
KY 87 D	Shepardstown Tipple	1	37°17'20"	83°51'59"	Clay	26,890	Remove tipple 2 acres land reconstruction grade & vegetate
KY 87 D	Beattyville Church	1	37°34'50"	83°43'21"	Lee	31,123	2 acres land reconstruction shaped for water management & revegetation
KY 87 D	Mullins Hollow	1	37°29'47"	84°05'04"	Jackson	49,100	2 acres land reconstruction, dewatering a pit & 4 acres smoothing and vegetation
KY 87 D	Sally Gap	2	36°44'48"	84°03'25"	Whitley	23,300	Dewatered a strip pit & stabalized 2.2 acres above a highway
KY 87 D	William Martin	2	37°22'28"	86°52'35"	Ohio	356,950	23 acres land reconstruction elimate highwall & revegetation
KY 87 D	J. C. Barnhill	2	37°22'17"	87°45'19"	Hopkins	34,988	5 acres land reconstruction elimate highwall & revegetation
KY 87 D	Mary Noe	2	36°45'36"	83°13'29"	Harlan	80,300	1 mine opening 6 acres land reconstruction grade & vegetation
KY 87 D	Dewayne Howton	2	37°11'55"	87°40'34"	Hopkins	80,905	8 acres land reconstruction grade & shape

KY	87	D	Alsile	2	36°43'31"	84°13'23"	Whitley	59,500	Dewater a strip pit & fill 5 acres land reconstruction & vegetation
KY	87	D	W. Gilford	2	37°18'18"	84°13'01"	Rockcastle	26,085	.5 acre land reconstruction smooth & vegetate 2 acres
MD	88	D	Hallie Moon	2	39°21'15"	79°17'14"	GARRETT	215,000	Two pits and adjacent highwalls, 50-75 feet high, covering 25 acres. The site is a public health hazard with a portion of it being eroded at 20 T/AC/YR. The site will be reclaimed by backfilling and grading to restore to approximately the original contours. Restored areas will be seeded with a grass-legume mixture.
MD	88	AW	Westernport	1	39°29'16"	79°03'10"	Allegany	300,000	drainage from deep mine/activ slump area
MD	87	D	Spruce Hollow	1	39°37'00	78°53'00	Allegany	22,500	
MD	87	D	Ross	1	39°32'00	79°02'00	Allegany	51,740	
MD	87	D	C. Harvey	2	39°21'40	79°16'40	Garrett	123,000	
MD	87	D	R. Cooper	2	39°21'17	79°16'46	Garrett	65,000	
MD	87	D	C. Harvey #2	2	39°21'40	79°17'05	Garrett	30,000	
ND	87	D	Kimball	1	48°52'20"	103°00'00"	Divide	99,211	Subsidence of underground mine, unstable highwalls.
ND	87	D	Williamson	1	47°55'55"	102°52'25"	Mountrail	33,455	Subsidence of underground mine, unstable highwalls.
ND	87	D	Turner	2	47°59'20"	102°27'10"	Mountrail	11,984	Subsidence of underground mine.
OH	87	D	Neuenswander	2	41°34'45"	81°41'45"	Holumes	169,050	
OH	87	D	Garber	2	41°34'45"	81°41'45"	Holumes	15,900	
OH	87	D	City Sebring	2	40°54'30"	81°02'30"	Mahoning	58,500	
OH	87	D	Tickhill	2	39°58'45"	81°11'45"	Belmont	71,000	
OH	87	D	C&D Francis	2	40°56'30"	80°40'15"	Mahoning	26,022	
OH	87	D	Morganstern	2	39°34'54"	81°24'15"	Washington	27,980	
OH	87	D	L. Kohler	2	41°58'45"	80°35'15"	Mahoning	11,000	
OH	87	D	R. Kohler	2	41°58'45"	80°35'15	Mahoning	98,520	
OH	87	D	Barth	2	41°58'45"	80°35'15	Mahoning	103,005	
OH	88	D	Edith Moore	2	39°21'15"	81°52'30"	ATHENS	5,700	Fill in mine shaft opening
OH	88	D	Federal Valley	2	39°21'15"	81°52'30"	ATHENS	6,700	Fill in mine shaft opening
OH	88	D	Green TWP	2	40°18'30"	80°53'20"	HARRISON	100,000	eliminate dangerous impoundment and revegetate approximately 15 acres
OH	88	D	JOHN Holmar	2	41°58'45"	80°35'15"	MAHONING	310,000	Eliminate highwalls and fill in deep ponds. revegetate 22 acres
OH	88	D	James Hatem	2	39°22'15"	82°27'15"	VINTON	1,750	Plant trees on approximately 20 acres and treat gullies
OH	88	D	Ellen Rheinscheid	2	39°22'15"	82°27'15"	VINTON	5,600	plant trees on approximately 20 acres and treat gullies

OH 88 D	Kyger V				GALLIA		
OH 88 D	(4 contracts)	2	39°35'15"	81°24'30"	GALLIA	700,000	
OK 88 D	Machire	1	35°13'13"	95°09'35"	Haskell	85,000	400 ft highwall, 15 acres to be revegetated
OK 88 D	Fountain/McElroy	1	35°16'36"	94°53'30"	Haskell	85,000	800 ft highwall, 10 acres to be revegetated
OK 88 D	Davis	1	35°13'44"	94°30'16"	Le Flore	75,000	100 ft highwall, 10 acres to be revegetated.
OK 88 D	Donelson	1	35°07'16"	95°09'44"	Muskogee	35,000	300 ft highwall, 10 acres to be revegetated
OK 88 D	Mendenhall	1	35°07'14"	95°09'46"	Muskogee	35,000	100 ft highwall, 7 acres to be revegetated
OK 88 D	Dorsey	1	36°23'35"	95°22'49"	Rogers	200,000	1,500 ft highwall,acid mine pit and 30 acres to be revegetated
OK 87 D	Conklin	2	95°12'30"	95°19'00"	Haskell	125,000	2000 l/f highwall - grade, shape, & stabilize 10 acres
OK 87 D	Quaid	2	35°15'20"	34°56'30"	Latimer	60,000	200 l/f highwall - grade, shape, & stabilize 5 acres
PA 88 D	KITTANNING RUN	1	40°31'20"	78°30'05"	BLAIR	560,000	50 ACS., CLOSE MINE OPENINGS, GRADE ERODINGSPOIL PILES AGAINST HIGHWALL,STABALIZE ERODING CHANNEL
PA 88 D	SEIGWORTH R D	1	41°11'05"	79°18'20"	ClarION	63,577	7.4 ACS., BACKFILL MINE SPOIL AGAINST 300 FEETOF 40°50 FOOT HIGHWALL 100FEET FROM DWELLINGS AND HIGHWAY. (PA6093)
PA 88 D	GORELICK/JENMYN	1	41°31'43"	75°33'11"	LACKAWANNA	616,668	12 ACS., REGRADE SPOIL PILES TO FILL PIT, INSTALL CONDUIT FOR SURFACE WATER RUNOFF CONTROL TO PROTECT RESIDENTIAL AREA FROM OVERLAND FLOODING.
PA 88 D	COTTAGETOWN	1	40°07'20"	78°50'30"	SOMERSET	302,885	24 ACS., CLOSE 3 MINE OPENINGS, BACKFILL AGAINST 1,000 FOOT HIGHWALL, PROVIDE TREATMENT FOR DEEP MINE DRAINAGE, REMOVE HAZARDOUS EQUIPMENT. (PA2518)
PA 88 D	Hubler	1	40°57'36"	78°13'40"	CLEARFIELD	63,000	9.3 acs., backfill 1,800 of 30 foot highwall near several homes and road. (PA4536)
PA 87 D	Allegheny River Mining	1	40°52'00"	79°34'00"	Armstrong	748,401	50 acres backfill 4,500 l/f highwall mine openings(PA0466)
PA 87 D	Balinosky	1	40°38'15"	78°30'10"	Cambria	36,405	2 acres backfill against 25foot highwall 40 feet feon residence(PA2810)
PA 87 D	California Boro	1	40 04'10"	79 55'05"	Washington	90,225	2.5 acres spoil pile slips into pike run causing floofing of several homes in Smallwood, Pa.(PA4753)
PA 87 D	Badue	1	41°21-15"	78°36'30"	Elk	38,911	5 acres regrade refuse piles to stable slopes near 43 homes and roads (PA6152)
PA 87 D	Falleto	1	40°16-10"	79°41'45"	Westmoreland	5,823	.5 acres close large deep, highly visible and accessable mine opening (PA2541)

PA	87	D	Rochez Bros	1	40°18-23"	79°55'21"	Armstrong	17,616	1.2 acres close 2 mine opening & remove structure (PA2603)
PA	87	D	Yagodich	1	40°08·00"	79°56'10"	Washington	34,970	4 acres backfill 300 feet of highwall close 4 mine openings clear mining equipment
PA	87	D	Barwioler	1	40°16-20"	79°41'50"	Westmoreland	4,000	.5 acre close mine opening in developing area
PA	87	D	Walker	1	39°47-20"	79°03'47"	Somerset	1,000	.2 acres closing 40 foot air shaft
TN	88	D	Robert E. Lee	2	30°36'10"	85°25'48"	VAN BUREN	67,000	Acid water-pit. 14 ac. grading shaping and seeding
TN	88	D	Vivian Thompson	2	35°53'30"	85°17'45"	White	51,000	8 ac grading shaping and seeding a acid water pit
TN	88	D	Robert E. Lee	2	30°25'10"	85°25'48"	Van Buren	67,000	acid water pit to be drained
TN	88	D	Vivian Thompson	2	34°53'30"	85°17'45"	White	51,000	8 ac seeding, acid water pit
TN	88	D	J. Michael Allred	2	36°17'45"	85°10'45"	Overton	100,000	14.9 acres of mine spoil
TN	88	D	Moore-Hiwassee #2	1	35°14'30"	85°24'00"	Sequatchie	150,000	Approx. 23 acres of highwall
TN	88	D	TN Consolidated Coal	1	35°20'30"	85°26'00"	Sequatchie	8,000	One vertical air shaft
TN	88	D	Besler, Sollock, Melb-	2	36°04'35"	84°31'04"	Morgan	140,000	acid water pit, 3 open portals
TN	88	D	Blue Sewanee	2	35°27'30"	85°22'00"	Bledsoe	18,000	Site consists of one two acre gob pile
TN	88	D	Simmons	1	35°41'0"	85°14'45"	Bledsoe	20,000	Site consists of appr. 5 acres. 1 highw.
TN	88	D	Kirby Wideman	2	35°18'10"	85°37'54"	Marion	120,000	Severe runoff problems
TN	87	D	Cox-Kountz	1	35°20'13"	66°10'00"	Giles	160,577	highwall acidwater 23 acres
TN	87	D	Moore-Hiwassee	1	35°14'45"	85°24'07"	COFFEE	48,790	28.5 ac. seeding. 20 adits & shafts. 25 ft highwall acid water pit
TN	87	D	Thomas Allen	2	35°42'15"	85°18'55"	Van Buren	26,106	1 acidwater pit 13 acres grading and seeding
TN	87	D	Firestone	2	35°52'45"	85°17'45"	White	139,880	highwall acidwater 35 acres
TN	87	D	Dewey Hamblin	2	36°35'13"	83°55'55"	CLAIBORNE	23,	9/92 Acid water runoff-60 ft highwall
VA	88	D	FLEMING	1	31°77'50"	82°86'00"	DICKENSON	184,000	1 acre slide area surface mine on 45-50% slope below ponds created by mining.
VA	88	D	JONES	1	19°04'30"	65°01'20"	LEE	185,000	2 openings in high wall close to homes
VA	00	AW	VPI #1 RAMP	1	37°10'30"	80°28'00	Montgomery	50,000	Seal 5 abandoned mine open. w/rip rap, drainfill,
VA	88	D	CROUSE	1	° ' "	° ' "	Tazewell	40,000	1 deep mine openings.
VA	87	D	Davis	1	39°00'50"	97°92'50"	Buchanan	131,000	2 deep mine openings old tipple timbers 1/4 ac. refuse abandoned equipment 2 1-acre slide areas on outslope of surface mine
VA	87	D	Bull Run	1	36°56'00"	82°23'00"	Wise	191,000	Surface mine site with large slip area threatending to block stream
VA	87	D	Wilson	1	37°05'15"	81°51'00"	Tazewell	30,865	1 deep mine opening in residential area

WV	88	D	Frank Dipple site	1	39°41'45"	79°55'40"	Monongalia	18,000	500 l/f highwall 3 mine opening .4 ac refuse pile
WV	88	D	Don Lazzelle	1	39°41'45"	79°55'40"	Monongalia	18,000	300 l/f highwall 2 mine opening
WV	88	D	Whitestick site	2	37°47'30"	81°11'55"	RALEIGH	200,000	2 refuse piles 6 acres
WV	88	D	Fred Weltner site	2	39°42'30"	79°54'00"	Monongalia	595,800	21 mine opening 3,350 l/f highwall 1 ac refuse piles 1 ac pond 8 structures
WV	88	D	William Lyons	2	39°42'30"	79°54'00"	Monongalia	18,000	175 l/f highwall
WV	88	D	Boyd's Branch site	1	37°22'30"	81°15'45"	MERCER	250,000	1 impoundment
WV	88	D	Laurel Creek Land Co. site	2	37°52'25"	81°58'45"	FAYETTE	25,000	1 tipple 1 power house 1 water tank
WV	88	D	Pennzoil Products Co. site	1	37°54'00"	80°58'15"	FAYETTE	15,000	2 mine opening 9 small buildings
WV	88	D	Pennzoil - Hatfield site	2	37°53'00"	80°58'35"	FAYETTE	65,000	2.25 acres refuse piles
WV	88	D	Alfred Hatfield	2	37°53'00"	80°58'35"	FAYETTE	195,000	6.75 acres refuse pile 1 building
WV	87	D	Piney Coking Coal Land Co.						openings
WV	87	D	Lovell R. Hager						2 mine openings
WV	87	D	Birdie L. Ferguson						1 mine openings
WV	87	D	Harold Adkins						4 mine openings
WV	87	D	Dennie Cypers						2 mine openings
WV	87	D	Theodore R. Slone						1 mine openings
WV	87	D	Douglas Adkins						1 mine openings
WV	87	D	Cora L. Baldwin						2 mine openings
WV	87	D	Paul R. Stone						
WV	87	D	Rebil E. Cummings						
WV	87	D	Lillybrook	1	37°38'00"	81°12'00"	Raleigh	12,600	1 mine opening near residences
WV	87	D	Baldwin	1	37°56'30"	81°52'50"	Logan	197,943	1 Coal bin, 1 conveyor, 1 tipple, and 4 abandoned buildings 4 mine openings 3.5 acre refuse pile
WV	87	D	Lincoln Cnty Portals I	1	38°10'30"	82°04'00"	Lincoln	63,720	6 mine openings adjacent to Co. roads and residences
WV	87	D	Lincoln Cnty Portals II	1	38°14'30"	81°59'30"	Lincoln	74,684	11 mine openings adjacent to Co. roads and residences.
WV	87	D	Thomas J. Boyd	1	40°17'58"	80°39'16"	Brooke	624,639	2 mine refuse piles & 1 strip pit and 1000 l/f highwall 10.1 acres
WY	88	D	(State AML site 8-21)						
WY	88	D	Provnick, Rose	1	44°53'00"	107°03'00"	SHERIDAN	79,000	3 open subsidence holes, 1 open portal, and 5 ac. critical area.

REGULATORY PROGRAM GRANTS

Senator BYRD. Now, going to the State regulatory program, it is my understanding that the States cost share this program on a 50–50 basis with the Federal Government.

Mr. GENTILE. Yes, sir.

Senator BYRD. So the States do have full regulatory responsibility, with the Federal Government just monitoring the operation of the primacy States?

Mr. GENTILE. Yes, Mr. Chairman.

Senator BYRD. Does this budget provide level funding for State regulatory program grants?

Mr. GENTILE. Mr. Chairman, we feel confident that the 1989 levels of the budget are sufficient for the States to carry out the regulatory programs.

For 1990, we will continue to look at this issue.

Senator BYRD. Is there any shift in the funding level among the States?

Mr. GENTILE. Mr. Chairman, can I ask Mr. Boldt to respond?

Mr. BOLDT. Mr. Chairman, the amounts requested for the States are usually submitted 18 months before the beginning of the actual fiscal year. Then they are updated shortly before the beginning of the fiscal year.

Based on that information, and on the data we have at the present time, we feel the amounts that have been requested for the 1989 budget are sufficient to meet the States' needs.

If some shifts are necessary before the fiscal year begins, we would make them at that time. To a great extent, these shifts reflect the State's ability to match the amount of money that is awarded. So while the States have needs, they don't necessarily have the State match to an increased Federal appropriation.

WEST VIRGINIA INSPECTION LEVELS

Senator BYRD. West Virginia has a fairly substantial workload, but they have nowhere near the number of inspectors as do the States of Kentucky and Pennsylvania, nor does West Virginia receive as much regulatory grant money as do these other States.

Is this situation reflective of the overall budgetary problems in West Virginia, in the State government itself?

Mr. GENTILE. Sir, the number of inspectors is based on the number of inspectable units, which is the number of sites that the State is obligated and required to inspect. I have no indication that the differences are based on anything other than that.

Senator BYRD. What about the overall regulatory grant?

Mr. GENTILE. The overall regulatory grant would also be based on the number of inspectable units that are required to be inspected, and——

Senator BYRD. Isn't it also based on the cost-sharing ability of the State?

Mr. GENTILE. Yes, sir; it is.

Senator BYRD. I go back to my question, then. West Virginia received $4,249,250. Is that situation a reflection of the overall budgetary situation within the State of West Virginia?

Mr. GENTILE. I would re-emphasize that the fiscal year 1989 grant amounts are estimates that will require further evaluation. But I would imagine, sir, that the overall budgetary situation is a factor.

Senator BYRD. I note that West Virginia had relatively few notices of violation or cessation orders as a result of OSM-conducted sampling inspections.

What is the Department's overall assessment of the performance of the West Virginia program? Are they doing a good job, or should we be concerned that West Virginia is vulnerable to the criticisms and lawsuits which were leveled at the State of Kentucky last year?

Mr. GENTILE. Well, Mr. Chairman, there have been accusations about the program in West Virginia, but, sir, I know that program personally, as I do the program in Kentucky and some other States. As far as I am concerned and as far as the Office of Surface Mining is concerned, the program in West Virginia has been a very solid program.

There are a lot of allegations floating around. We are aware of them keeping a very close eye on them. To date we have no reason to believe that we have a situation in West Virginia like the situation in Kentucky.

For example, in 1987, in West Virginia, 85 percent of all mines received 100 percent inspection frequency, which means that they were inspected 12 times a year, and, Mr. Chairman, that is a pretty good record.

OWNERSHIP AND CONTROL RULE

Senator BYRD. Last spring, the Office of Surface Mining published a new rule defining ownership and control. The presumption of ownership is not made unless the person owns at least 20 percent of a particular company, is that correct?

Mr. GENTILE. I would like to defer to Mr. Boldt.

Mr. BOLDT. Yes, sir; that is correct. The last proposal that we submitted for public comment had a minimum threshold of 20 percent presumption of ownership.

Senator BYRD. What is the status of the regulation? Why has it been more than a year since the proposed rule was published, and when will the final proposed rule be issued?

Mr. BOLDT. That is primarily due to the tremendously large number of comments we have received on the rule and the complexity of those comments. It has taken us a great deal of time to go through them, and many of them were conflicting and quite contentious. We are being extremely careful on responding to those comments because of the potential for litigation which we know this rule has.

The rule is presently in the process of being finalized and issued as a final rule within the next 90 days.

Senator BYRD. Can you provide the committee with a copy of the new rule as soon as it is available?

Mr. GENTILE. Yes, sir.

[The information follows:]

A copy of the final ownership and control rule was published in the Federal Register on October 3, 1988, and a copy has been furnished to the committee for their files.

KENTUCKY SETTLEMENT AGREEMENT

Senator BYRD. Senator McClure, do you have any questions?

Senator MCCLURE. Thank you, Mr. Chairman. I have a number of questions which I will submit for the record.

In fiscal 1988, Congress provided OSM with $3.7 million to provide financial assistance to Kentucky to assist the State with improving its regulatory performance. This effort is directly related to the settlement agreement with the State of Kentucky and the National Wildlife Federation. It is anticipated that a total of $13 million will be necessary over the next 4 years.

In fiscal year 1989, the second increment of $4.425 million has been requested. The cooperative agreement which provides funding for the settlement agreement was to be signed in February of 1988. The agreement calls for $12.9 million over the next 4 years. If the proposed funding of $4.425 million is provided in fiscal year 1989 as requested, there would remain $4.78 million to be funded in fiscal year 1990 or fiscal year 1991.

Was this agreement signed in February?

Mr. GENTILE. Yes, sir; it was.

Senator MCCLURE. Is your funding proposal for fiscal year 1989 predicated on a 3-year funding cycle?

Mr. GENTILE. No, sir; it is a 4-year funding cycle.

Senator MCCLURE. Four years.

Mr. GENTILE. Yes, sir.

Senator MCCLURE. Why did you choose 4 years?

Mr. GENTILE. Originally, it was 3 years, but because we were so far into the year we had to stretch the funding out to 4 years.

Senator MCCLURE. That is not just necessarily a fiscal year cycle, is it, though, in the inspection program itself? The funding certainly is, and this money carries over from year to year.

Mr. GENTILE. We weren't able to start as quickly as we hoped. Therefore, it was necessary to extend the funding into a fourth year.

Senator MCCLURE. Into the fourth year, but it looks like you are going to push it off through the fourth year.

Is that correct? You didn't lose just a few months in one fiscal year by your actions; you lost a full year, is that correct?

Mr. GENTILE. We lost 8 months, sir.

Senator MCCLURE. The funding doesn't look like that in the pace that you are putting it in, in 4-year installments.

Am I correct?

Mr. BOLDT. Senator, the problem is that the State could not begin the startup until the money was assured, after the continuing resolution was passed. Only at that point could be proceed with the process of signing the agreement. It has taken the Commonwealth some time to hire up the staff that is going to work on these special projects. It has taken them time to get the studies underway, and so on. These events pushes it over into a fourth year.

The money that we are requesting for fiscal year 1989 will be for a full staff level request of approximately 90 people. Also, most of the impact of the studies that are being carried out will occur during fiscal year 1989. What you see in the last 2 years is the beginning of a tail-off, as some of the staff is released when the work is done. The money that would carry over into the last fiscal year of the agreement would be what is necessary just to pay the remaining staff.

Under these terms, the settlement agreement and the memorandum of understanding, the program would come to a close during the first part of fiscal year 1991.

SETTLEMENT AGREEMENT COSTS AND FUNDING

Senator MCCLURE. Am I correct that you have requested a fiscal year 1989 increase of $740,000?

Mr. BOLDT. Yes, sir.

Senator MCCLURE. What do you plan to accomplish in fiscal year 1989 with that increase which you otherwise would have accomplished in fiscal year 1990 and 1991?

Mr. BOLDT. The money in the fiscal year 1989 budget is to pay for the full year of the staff's salaries and the people Kentucky has hired plus the money that is necessary for the hydrology study and the acidity study, which are two of the elements in the agreement.

Senator MCCLURE. And those will get done faster because of that increase?

Mr. BOLDT. We are pushing the money forward, but the major increase in fiscal year 1989 is due to the full year of staffing, to pay for the resources that Kentucky has hired.

Senator MCCLURE. Could you please provide for the record your funding plan for this agreement and the plan to fund the agreement over 4 years?

Mr. BOLDT. Yes, sir.

[The information follows:]

Funding plan for Kentucky settlement agreement

Fiscal year	
Four-year plan:	
1988	$3,685,000
1989	4,425,000
1990	2,881,000
1991	2,000,000
Total	12,991,000
Three-year plan:	
1988	5,685,000
1989	4,425,000
1990	2,881,000
Totral	12,991,000

TRAINING INITIATIVES

Senator MCCLURE. When Mr. Christensen appeared before the committee last year, he stated that the training programs at OSM would receive increased attention for fiscal year 1988 and into the future.

What kind of new training initiatives were implemented in 1988 and what do you have in mind for 1989?

Mr. GENTILE. Senator, I continue with Mr. Christensen's concern regarding training. I think the training and transfer of technical knowledge is probably one of OSM's most important responsibilities.

We can provide for the record a list of courses and new initiatives.

We do have a problem, however, in that we need specific authority from Congress to allow us to pay for State personnel's travel and per diem expenses in attending OSM seminars. We have been told that we cannot pay for that without this authority.

This has created considerable difficulty for States because many of them don't have the funds for travel. Furthermore, many States have automatic prohibitions against their employees traveling out of State for training. It makes it difficult and costly for OSM to provide training in each and every State location.

AUTHORITY FOR FEDERAL REIMBURSEMENT OF STATE COSTS

Senator MCCLURE. Can you provide for the committee the kind of authority you would need in order to be able to do what you feel is necessary in that area?

Mr. GENTILE. Yes, sir; we would be happy to.

[The information follows:]

Suggested language to specifically authorize OSMRE to expend funds for the travel and per diem expenses of State and tribal personnel attending OSMRE-sponsored training: Notwithstanding any other provisions of law, appropriations for the Office of Surface Mining Reclamation and Enforcement may, hereafter, provide for the travel and per diem expenses of State and tribal personnel attending OSMRE-sponsored training.

TECHNICAL TRAINING PROGRAM

Senator McCLURE. What type of audience are the courses designed for? Are they attendees primarily from OSM, or are the programs open to State and local personnel as well?

Mr. GENTILE. They are actually geared to State personnel, in particular. We have courses directed toward OSM personnel, but our big push here is the training of State personnel.

Senator McCLURE. Are there course evaluations completed by the attendees?

Mr. GENTILE. Yes, sir; there are.

Senator McCLURE. What does the analysis show? Are they successful? Are participants satisfied?

Mr. GENTILE. Yes, sir; we can provide that for the record.

Senator McCLURE. Please.

[The information follows:]

OSMRE recently conducted a study of the effectiveness of the OSMRE Technical Training Program. When the final report is printed (mid-April), we will provide the Senate Appropriations Committee with several copies.

The study included a satisfaction survey of training participants to determine their perceptions about the overall effectiveness of the Technical Training Program. Major survey findings regarding State respondents are as follows:

Survey results indicate that State trainees have high opinions of the Technical Training Program. Over 80 percent of the State participants reported that they would recommend technical training courses to others, while about three of every four State trainees agree that the program is a needed resource. The majority of State trainees also agree that the training definitely enhances job performance; 72 percent of the State trainees feel that the program offers the type of specialized training they need to do their jobs, while 63 percent report that the courses have helped them do their jobs better.

Trainees reported an overall satisfaction with the instructors, with three-quarters of State respondents agreeing that the instructors are well prepared and 72 percent of State attendees reporting that the instructors present the subject matter effectively.

A sizable majority (86 percent) of the State trainees agree that the courses provide an opportunity for discussion among OSMRE and State representatives. When reporting further on OSMRE-State interaction, however, responses were slightly less positive—58 percent of the State trainees feel talking to others at the courses has increased their awareness of the problems faced by OSMRE.

It appears that State training users are kept informed about training opportunities; fully 65 percent of the State respondents agree that they receive timely notice of technical training courses. Responses indicate, however, that State trainees would like to receive more course material before the training sessions begin; only 35 percent of the State training participants feel they are receiving sufficient course material in advance.

TRAINING COURSE DESIGN

Senator McCLURE. Could you indicate some of the types of common problems that you have experienced in the administration of the courses?

You mentioned the difficulty for payment of travel and per diem for State and tribal personnel.

Are there others?

Mr. GENTILE. Senator, one thing that we are aware of, is having to design certain courses to meet specific needs of different parts of the

country. A good example is revegetation. Revegetation is different in the East than it is in the West. So we have to design courses specifically for certain States or certain geographic areas, taking into consideration differences from State to State.

So I would say that that, outside of our ability to attract States to attend, is our only other significant difficulty.

FEDERAL LIABILITY FOR REIMBURSEMENT

Senator McCLURE. In connection with the payment, or assuming the obligation to pay per diem and subsistence and travel for the State and tribal personnel, does that impose upon the Federal Government any other liability or responsibility with respect to those personnel?

Mr. GENTILE. Not that I know of.

Senator McCLURE. Would you check that and let the committee know.

Mr. GENTILE. Yes, sir.

Senator McCLURE. Is there a reason if you have to adapt to special conditions—climatic, State regulatory, the physical differences between the different States—that you can't take the program to the States?

Mr. GENTILE. Senator, most of our training is done in the States, and we do adapt it.

Senator McCLURE. So you do take some of it to the field?

Mr. GENTILE. Most certainly, 90 percent of our training is done within 100 miles of the location of the State personnel.

Senator McCLURE. My first question in this area was what have you done in new training initiatives for 1988 and what do you plan to do for 1989?

I wonder if you could provide that for the record, not just what you did before that you are continuing but what you have done during this fiscal year that you have not done before in terms of training and what you plan to do.

Mr. GENTILE. Certainly.

[The information follows:]

Existing courses

Remote sensing workshop; soils and revegetation; surface and ground water hydrology; enforcement procedures; engineering principles for program personnel: applied hydrology, with emphasis on PHC's and CHIA's; underground mining technology and effects; and instructor training.

Proposed new courses fiscal year 1988

Technical writing[1]; blasting and inspection[1]; and communications and conflict management[2].

Proposed new courses and new initiatives fiscal year 1989

Bond release; basic inspection[3]; hazard recognition and avoidance[3]; and testimony and evidence presentation.

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[1] These courses are being presented now.
[2] This course is under preparation. It is scheduled to be available summer 1988.
[3] A programmed workbook videotape for these courses are under preparation

Initiatives for fiscal years 1988 and 1989

Maintain the eight existing classroom courses listed above and the three new courses for fiscal year 1988, two of which are being presented as of the date of this list.

Complete development of the two fiscal year 1989 classroom courses (bond release and testimony and evidence presentation) and development of the two self-study courses (basic inspection and hazard recognition and avoidance).

Begin phasing technical training effort into: (1) self-study modules to replace the classroom courses and (2) interactive workshops to serve technical specialists as well as senior inspectors and program personnel.

STATE RECLAMATION GRANT DECREASE

Senator MCCLURE. You have requested a decrease of $30 million in State reclamation programs for fiscal year 1989. That is a reduction from $160 to $130 million. You justify this proposed decrease because of the high rate of unobligated funds that exists in the abandoned mine land fund.

The obligation rate has improved in recent years to slightly above 75 percent. Obligation rates for individual States vary between a high of 98 percent in Illinois to a low of 40 percent in Missouri and Maryland.

With this proposed decrease, how can the effect of such a reduction be minimized on States with high obligation rates?

Mr. GENTILE. Senator, one of the things we are going to be looking at in the next few months is the issue of obligation rates. We certainly want to make every effort to make sure that States have the funds available for obligation.

The obligation rate, however, across the board has not reached $200 million. We continue to have significant carryovers.

We are aware of the fact that several States with high obligation rates may have the ability to spend additional funds, and we will be looking at that very closely in the next few weeks.

Senator MCCLURE. What do you see as a good obligation rate?

Mr. GENTILE. Well, sir, that really depends on the State's administrative mechanism more than anything else. It is often very difficult for a State to obligate funds quickly if their fiscal structure is such that it requires a lot of jumping through hoops. If we could see about 80 percent, we would be fairly happy.

Senator MCCLURE. Well, you are getting pretty close to that.

What are you doing in working with the States to improve the obligation rate?

Mr. GENTILE. Sir, this is a difficult and challenging issue that is due, in part to the effect of State law and State administrative process on the program. We would be happy to assist the States in figuring out new ways to obligate moneys more quickly, but State bureaucracies sometimes are as complex as our own.

Senator MCCLURE. I wondered how you were going to finish that sentence. [Laughter.]

INCENTIVES TO IMPROVE AML OBLIGATION RATES

Is there anything more that we can or should do to assist the States in improving that obligation rate?

Obviously, if they don't want to do it, they don't have to. We could force them, I suppose. We could use a carrot or we could use a stick or we could walk away.

Which is the best thing to do?

Mr. GENTILE. Senator, as I stated earlier, one of the things that we are going to look at very closely in the next few months is the whole area of AML. We want to look at the obligation rate along with some other issues. We would be happy to report back to the committee on whatever we find out in that area.

Senator MCCLURE. Obviously, the Congress felt that this is an important national program, and I assume that when we made that determination we also expected the States to have the same feeling.

Some States apparently don't give it the same priority that we do.

Is that a sign of a mistake on our part? Is it just a sign of different judgment on their part, or is it something that we ought to try to affect?

Mr. GENTILE. I think, Senator, as this program has progressed it has gone through phases. I think the abandoned mine program is now very much coming into its own. I think that we will see increased interest on the part of States and certainly on the part of OSM to facilitate the reclamation part of the program.

OSMRE and the States have really concentrated on the regulatory or title V side in the last few years, and I think we have to make an extra effort now on the title IV side.

Senator MCCLURE. Thank you very much, Mr. Chairman. I have a number of other questions I would like to submit for the record.

Senator BYRD. They will be submitted for the record.

Senator DECONCINI. Mr. Chairman, I have no questions here. I do have on the Bureau of Mines.

Senator BYRD. Very well.

ADDITIONAL COMMITTEE QUESTIONS

Mr. Gentile, thank you so much. We will be submitting additional questions for the record, and we look forward to working with you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Applicant Violator System

The Applicant Violator System (AVS) is an automated system designed to help carry out the Surface Mining Control and Reclamation Act (SMCRA) by identifying individuals who have outstanding violations or debts imposed as a result of violations, or owe any Abandoned Mine Land fees. Such individuals are not eligible to receive mining permits.

This system was to have become operational on October 1, 1987.

Question: Is this system fully implemented?

Answer: The Applicant Violator System (AVS) has been operational since October, 1987. Each of the State and Federal regulatory authorities has been using the system since that time, and more than 1,000 system relatedness queries have been made. Numerous system enhancements made to AVS improved its operation and make it more user friendly.

Question: Has the system met expectations?

Answer: For the most part, AVS has met the agency's expectations. We have been pleased with the system's performance, especially with how well the State regulatory authorities have used AVS as part of their permitting process. The projected data quality problems identified more than a year ago, have affected system operation about as expected. A data quality improvement plan drawn from experience operating the system has been implemented to improve the data base over time. In the mean time, a manual review of each system report is being conducted to correct any system omissions.

Question: Is the $2.0 million reduction for the AVS system an operation reduction or a developmental reduction?

Answer: The reduction is a developmental reduction. By the end of FY-88, the agency will have operated the initial AVS for nearly one year. State regulatory authorities will have fully integrated AVS into their daily activities, many of the critical system enhancements will have been completed, and much of the data quality improvement project will be finished. The decrease in funding allows for basic systems maintenance and operation during FY-89 and for implementation of phase II of AVS, which would add State violation and civil penalty data along with certain air and water quality violation data, on a slower schedule.

Question: What is OSM doing to insure the quality of the data in the AVS system?

Answer: The Applicant Violator System (AVS) data quality improvement project will continue throughout Fiscal Year 1989 in an effort to improve the quality of the data base. The data quality enhancement plan focuses on two primary areas:

- o Improvement of the existing data to the extent that the effort increases the probability of identifying each "gross abuser" of the Act.
- o Assure that adequate procedures and quality assurance checks are in place so that all new information added to the system is complete and accurate.

The following briefly describes some of the data quality improvement activities that will be continued through Fiscal Year 1989.

Complete and/or Improve Data: The size of the AVS data base and magnitude of the data quality problem mandate a reasoned approach to completing and/or improving the system data base. The focus of the manual data enhancement effort will be on the most serious abusers of the Act, often referred to as the "gross abusers." OSMRE will establish a minimum number of unabated cessation orders and/or some level of unpaid civil penalties or AML fees as the working definition of a gross abuser. Once a list of serious violators is developed, the system data for these entities will be improved and the ownership and control relationships assured. The approach would rely on all available information sources including "expert" knowledge of regulatory authority staff such as inspectors, auditors, and information obtained on two acre abusers during relatedness review.

State Capability to Print Local Data Base: Each regulatory authority will continue to review its entire data base to identify incorrect or missing information for correction. Reviewing the local data base will allow the regulatory authority to use additional information sources, including inspectors and auditors, to improve the data base.

Evaluate Permit Number and MSHA Identification Association: The Clearinghouse staff will continue to develop and improve information that associates permit numbers with MSHA identification numbers. The data is fundamental to matching owners and controllers with violators.

Improve Data Entry Standards: Training of regulatory authority staff will continue to assure that all new permit application information is entered into AVS correctly.

Correct Data Errors on an On-going Basis: Clearinghouse staff and regulatory authority personnel standard research activities identify data errors or inconsistencies that will continue to be corrected on an on-going basis.

Industry Profile Reports: Efforts to work directly with industry to improve information contained in AVS for each permit and permit application will continue. The on-going activity encourages each company to correct errors and/or provide missing information.

Question: How does OSM handle questions concerning the Ownership and Control rule?

Answer: Until OSMRE finalizes an Ownership and Control Rule, the agency is conducting its section 510(c) review in compliance with the requirements of the revised Parker Court Order.

Question: Will additional funds help?

Answer: Additional funds for FY-89 would not materially improve operation of AVS.

State Inspection Workload

The number of state inspectors appears to have gone up substantially from 622 in July 1986 to 751 in September 1987. The majority of the increase is in Kentucky where inspectors have risen from 156 to 266.

Your FY 86 annual report indicated that States showed improvement in most regulatory program areas.

Question: Now that States are doing a better job, how will OSM keep the number of inspectors and performance up?

Answer: Sustaining a successful level of performance by the States with approved programs is one of OSMRE's primary missions. Through ongoing monitoring and oversight activities, significant changes which could impact a State's ability to implement its program are discussed with the State. For example, changes in the level of mining activity, staffing, funding, or amendments to State laws or regulations can affect the overall resources needed to continue full program implementation. When necessary, OSMRE develops action plans and works closely with the State to resolve problems. When systemic deficiencies are identified, OSMRE may require the State to amend its program to assure that Federal standards will be met.

In addition, OSMRE seeks to maintain stability in the Federal share of regulatory program grants to States. A stable foundation of Federal funding allows the States to more easily project the amount of additional funds needed from State revenues and tends to minimize drastic fluctuations in the number of State employees.

Question: Are there any other consistent problems that you are aware of that need correction?

Answer: OSMRE's oversight experience over the years has not revealed many consistent problems among the 24 primacy States, nor is OSMRE presently aware of any. Rather, significant problems tend to be State specific. Many of the problems which OSMRE identifies are policy or procedural matters. Even when resource inadequacies are identified, the solutions are necessarily unique to the individual State.

Indian Primacy

In FY 87 a provision was added allowing Indian Tribes access to their AML funds, even though they do not have primacy. Since OSM does not anticipate primacy to be realized for the Tribes in FY 89, the $420,000 provided in FY 88 for training and monitoring of Indian Tribes is proposed to be reduced to $265,000 in FY 89 and be used exclusively for Environmental Impact Statements.

Question: How much of the $420,000 will be utilized in FY 88 for training and monitoring?

Answer: OSMRE has funding cooperative agreements with the Crow, Hopi, and Navajo tribes. The agreements cover executive direction and administration of the agreement, and also require the Tribes to get the necessary intra-tribal cooperation and implement an accounting system to report on the expenditure of cooperative agreement funds.

Under the FY 88 funding cooperative agreements, the Tribes assist in permit review of mines on Indian lands, accompany OSMRE inspectors on inspections and participate in technical training pertinent to Title V responsibilities.

OSMRE funding of the cooperative agreement is as follows:

FY 1988		FY 1989	
Crow	$15,000	Crow	0
Hopi	$90,000	Hopi	$45,000
Navajo	$315,000	Navajo	$220,000
Total	$420,000	Total	$265,000

The funds for the FY 88 cooperative agreements have been obligated.

Question: Why aren't you proposing to do any training and monitoring of Indian Tribes in FY 89? Do you anticipate this effort being picked up by someone else in FY 89?

Answer: Funds in FY 89 are for tribal review and comment on the Black Mesa-Kayenta EIS and are not intended for other Title V activities.

Funding for the FY 89 Title V activities is reduced in recognition of the SMCRA amendment allowing tribal access to Title IV funds (P.L. 100-71, July 11, 1987), which significantly lessened the urgency and need for legislation under SMCRA Section 710 to enable tribes to pursue primacy. With little likelihood of 710 legislation, continued funding for the development of Title V capabilities serves no useful purpose.

The Tribes are currently eligible for and receive AML funds.

I understand that training and monitoring of Indian Tribes efforts is funded out of a different subactivity than Indian mine inspections but I note that the number of Indian mine inspections is expected to drop from 150 in FY 88 to 100 in FY 89.

Question: As the sole regulatory authority on Indian lands, is OSM doing all that needs to be done on Indian lands even with this proposed decrease?

Answer: There are currently 6 permitted mines on Indian lands, with 12 inspections required per year on each. OSMRE's FY 89 budget request which provides for 100 inspections will allow OSMRE to continue current efforts in inspection and enforcement on Indian lands.

Question: Do these two reductions (inspections and training) signify a reduced effort in the Indian area?

Answer: OSMRE's inspection and enforcement activities on Indian lands will continue at a level which will ensure full implementation of SMCRA and the Indian lands regulatory program under 30 CFR Part 750. Training of Indian tribes will be suspended in FY 89 as a result of the reduced likelihood of primacy legislation, as explained under an earlier question.

Question: If so, why?

Answer: These two reductions do not signify a reduced effort in the Indian area.

Question: If I were to compare your efforts on Indian lands to States with primacy, would you be better than most, somewhere in the middle, or at the bottom end of the scale?

Answer: OSMRE will continue to ensure full implementation of SMCRA and its implementing regulations on Indian lands, including all permitting, inspection and enforcement activities required by the Act and regulations.

Tennessee

The Federal program has been in place in Tennessee since 1984. The justification indicates that you plan on continuing operating the program in FY 88 and FY 89.

Question: When does OSM expect the State of Tennessee to resume primacy again?

Answer: In the 1988 legislation session, the Tennessee General Assembly introduced a resolution in the Senate to form a committee to study the resumption of primacy for surface mining regulation. If the resolution passes, the committee will study the issue and report its findings to the Tennessee General Assembly in its 1989 session. Based on past events and the timetable for this most recent initiative, it is unlikely that the State's resumption of primacy is imminent. However, OSMRE will continue to work with the State to encourage it to assume its rightful role as the regulatory authority for coal mining activities in Tennessee.

OSM Oversight of State Regulatory Programs

The total number of Federal inspections is expected to drop by about 10 percent from just over 19,000 in FY 88 to just below 17,000 in FY 89.

Question: Is there a reason for this decrease?

Answer: The reduction of inspections is unrelated to State program oversight. Rather, OSMRE projects a decrease of approximately 2,000 inspections under the Tennessee Federal program. This reduction is based upon a projected decrease in the number of inspectable units where active mining is occurring. During FY 89, OSMRE anticipates that Phase II bond releases may occur on an estimated 75-100 sites. Additionally, OSMRE is anticipating a reduction of inspections on abandoned sites once OSMRE's proposed abandoned sites inspection frequency rule is issued.

Question: Is there adequate funding proposed in FY 89 to do the inspections that need to be done?

Answer: OSMRE believes that funding at the requested level will be adequate to carry out the necessary number of oversight and Federal inspections.

Two Acre Inspection Program

Recent legislation deleted the two acre exemption from SMCRA and will ultimately eliminate the need for the two acre inspection program.

Question: When do you anticipate phasing out this program?

Answer: OSMRE has two-acre mine inspection programs in Virginia and Kentucky. In Virginia, OSMRE has assumed responsibility for direct regulation of such mines and has been inspecting two-acre sites and taking enforcement action as appropriate. All sites will be inspected and enforcement action initiated by the end of August 1988. At that time, the Virginia program will be reduced to a small staff for follow-up and completion of enforcement actions. In Kentucky, OSMRE has provided support to the State of Kentucky, which has primary enforcement responsibility. Kentucky, however, lacks the resources to carry its program to an expeditious conclusion at the same time it is working to fulfill commitments made pursuant to a recent settlement agreement NWF vs. Kentucky. Consequently, OSMRE has agreed to enter into a cooperative enforcement program, including direct inspection and enforcement on certain cases. This will continue until enforcement action is completed. No precise estimate of the time required is available. Experience to date suggests that three years or longer will be required.

Kentucky Settlement

In FY 88 Congress provided OSM with $3.7 million to provide financial and technical assistance to Kentucky to assist the State with improving its regulatory performance (pg. 44). This effort is directly related to the settlement agreement between the State of Kentucky and the National Wildlife Federation. It is anticipated that a total of $13 million will be necessary over the next four years. In FY 89 the second increment of $4.425 million has been requested.

The Cooperative Agreement, which provides funding for the settlement agreement, was to be signed in February of 1988. The agreement calls for $12.9 million over the next four years. If the proposed funding of $4.425 is provided in FY 89, as requested, there would remain $4.780 million to be funded in FY 90 or FY 91.

Question: Was this agreement signed in February?

Answer: The Cooperative Agreement was signed on February 23, 1988.

Question: Is your funding proposal for FY 89 predicated on a three-year funding cycle?

Answer: No. The Fiscal Year 1989 proposal consists of second year funding for the Settlement Agreement. The Agreement provides for a one time plan of financial and technical assistance with a funding level of $13.0 million spread out over four years (Fiscal Year 1988 through Fiscal Year 1991).

Question: If so, why?

Answer: See previous answer.

Question: What will you accomplish in FY 89 with the $740,00 increase that you could do in FY 90 or FY 91?

Answer: The Settlement Agreement is set up with the heaviest expenditures proposed up front or in the first two years (1988 and 1989) to buy equipment and establish ADP systems. In later years (1990 and 1991), the funding, including that required for personnel, is scheduled to taper off as problems are eliminated. Since the funding plan is spread over a four year period and activity accomplishments are likewise on a carefully planned time schedule, delays could jeopardize meeting time requirements contained in the agreement.

Question: Please provide for the record your funding plan for this agreement and a plan to fund the agreement over four years.

Answer: The four year funding plan for the agreement is as follows:

FY 1988	FY 1989	FY 1990	FY 1991	Total
$3,685,000	$4,425,000	$2,881,000	$2,000,000	$12,991,000

Experimental Practices Program

The experimental practices program is an effective way to develop more efficient and economical methods to meet regulatory requirements (pg. 55). In order to encourage more innovation, OSM has begun to solicit companies to demonstrate technologies which have developed in the research program. By having coal operators either work directly with researchers or demonstrate their own ideas, OSM hopes to use the experimental practices program to accelerate the introduction of lower cost reclamation techniques which meet performance standards. In FY 89, OSM expects to fund six experimental practices.

Question: Can you cite some examples of the success of this program?

Answer: Experimental practices generally result in a number of technical transfer products. These range from informal project summary reports to professional journal articles to regulatory amendments. The first two of these occur relatively quickly either during the conduct of the practice or following completion of the construction phase. The latter occurs only after final monitoring is completed and the practice has been verified several times.

Examples of successful experimental practices which have produced technology transfer are the following:

Bighorn Coal Co., Wy. -- Filling an off-site pit and extinguishing an underground mine fire. The State is considering changing from an experimental practice to permit variance.

Arch Minerals Inc., Wy. -- Highwall retention to facilitate wildlife habitat. Project is complete and a success.

Arch of Illinois Inc., Ill. -- Soil mixing using a bucket-wheel excavator to improve soil chemistry and a belt conveyor spreading system to minimize soil compaction. Numerous technical publications and technical presentations have been given on this topic.

Amax Coal Corp., In. -- Slurry pond conversion to wetland habitat. Complete and successful. Numerous technical publications and a short video have been done.

Central Penn Coal Co., Pa. -- Backfill and grade slopes to produce a greater equilibrium state, thus reducing potential for erosion. This is a Ph.D. dissertation.

Amos Ridge Coal Co., Va. -- Alternative spoil disposal practices and AOC variances. Several technical publications, a Ph.D. dissertation, as well as a computer program on spoil handling for use by industry have resulted.

Training Accomplishments

Question: When Mr. Christensen appeared before the Committee last year, he stated that the training programs at OSMRE would receive increased attention for FY 88 and into the future. What kind of new training initiatives were implemented in 1988 and what do you have in mind for FY 89?

Answer: See attached table of existing and new training courses for FY 88 and FY 89.

Initiatives for FY 1988 and 1989.

- Maintain the eight existing classroom courses listed above and the three new courses for FY 1988, two of which are being presented as of the date of this list.

- Complete development of the two FY 1989 classroom courses (bond release and testimony and evidence presentation) and development of the two self-study courses (basic inspection and hazard recognition and avoidance).

- Begin phasing technical training effort into (1) self-study modules to replace the classroom courses and (2) interactive workshops to serve technical specialists as well as senior inspectors and program personnel.

1. The course on technical writing and blasting and inspection are being presented now.

2. The course on communications and conflict management is under preparation; it is scheduled to be available the summer of 1988.

3. A programmed workbook for basic inspection and a videotape on hazard recognition and avoidance are under preparation.

Question: For what type of audience are the courses designed? Are the attendees primarily from OSM or are the programs open to State and local personnel as well?

Answer: The courses are designed to serve a number of disciplines from both OSMRE and the States (as well as the Indian Tribes). Most of the courses are focused toward inspectors. The exceptions are (1) historic and archeological preservation, which is focused toward permitting specialists; (2) management, operational development and evaluation seminar, which was limited to supervisors and managers; (3) applied hydrology, which is focused toward permitting specialists; and (4) instructor training, which is limited to OSMRE and State specialists who will be teaching the courses. (See attached summary for FY 1987 participation.)

Question: Are the course evaluations completed by the attendees?

Answer: Yes. Each participant completes an evaluation of each course.

Question: If so, what does the analysis show? Successful? Participants satisfied?

Answer: Participant evaluations show a high level of satisfaction. A sample is attached for the enforcement procedures course. Evaluations of each course session are examined for trends indicating where revisions should be made.

Question: How do you plan to improve the quality and attendance of the courses?

Answer: We monitor all course sessions and evaluation of each session and make modifications to any portions of courses that indicate poor quality or poor acceptance.

The number of course sessions offered each year is correlated with the number of spaces requested and available funds. As the demand for certain courses decreases, OSMRE/State team instructors present the courses. This reduces the per-session presentation cost from an average of about $7,000 to $1,400.

Question: What are some of the common problems you have experienced in the administration of the courses?

Answer: One of the common problems includes substitutions and cancellations of nominees during the last few weeks before a session. This appears to be influenced by the following factors:

Lack of funds or inability to get out-of-State travel approval for State participants;

Last minute conflicts with scheduling of nominees' normal duties; and

Lack of planning by participating offices.

Another common problem is assuring that the correct people attend the courses. Most courses offered are foundation courses--for individuals who lack academic training or experience in the subject matter. Specialists who attend may find the material to be too elementary.

Question: What type of authority would you need to allow OSM to pay for State personnel to attend these training courses?

Answer: Authority in the FY 89 appropriations bill that allows OSMRE to pay travel expenses for State employees to OSMRE training sessions.

State Reclamation Program Grants

You have requested a decrease of $30 million (from $160 million to $130 million) in State Reclamation Grants for FY 89 (pg. 103). This proposed decrease is justified because of the high rate of unobligated funds that exists in the Abandoned Mine Land Fund. The obligation rate has improved in recent years to slightly above 75 percent.

Obligation rates for individual states varies between a high of 89 percent (Illinois) to a low of 40 percent (Missouri and Maryland).

Question: With this proposed decrease, how can the effect of such a reduction be minimized on states with high obligation rates?

Answer: In arriving at the appropriation request for FY 1989, OSMRE took a program overview approach by considering several variables as described in the budget justification. It is believed that this approach, from an overall perspective, will steer the State reclamation programs toward more complete utilization of budget year funding as well as that which has been provided in prior years and is still unobligated. At the present time, OSMRE is considering adjustments to the State allocation formula. One of the considerations is whether to use obligation rates as a factor in the allocation process.

Question: What do you see as a good obligation rate?

Answer: In order to have a high level of validity, any obligation rate would need to be program specific because of the very different circumstances applicable to the respective State programs. Therefore, OSMRE has historically analyzed the rate from an overall perspective and from that perspective considers a rate of 80 percent to be adequate.

Question: Is OSM doing everything it can to improve the obligation rate?

Answer: In addition to offering assistance to the respective States in a number of program and planning areas to enhance the effectiveness and efficiency of State programs, OSMRE monitors and adjusts appropriation requests so that a closer correlation exists between funding and what the States can physically accomplish.

Question: If so, describe some of those efforts?

Answer: See previous answer.

Question: Why haven't they been successful?

Answer: Although any measure of success is relative, obligation rates have in fact steadily improved since 1983 when monitoring of this aspect began. The steady increase in the overall rate of obligation by the States has been effected through both State and OSMRE efforts.

Reclamation Program Operations

In FY 88 a reduction of $9.0 million was made in the Emergency Projects Program because of the large carryover balance from the

previous fiscal year (pg. 127). You have requested an increase of $5.4 million in FY 89 to replenish the base funding for this program.

Question: Why was there a large carryover balance, initially?

Answer: There have been two major factors influencing the emergency program. One is the modification to guidelines concerning what constitutes an emergency, and the second is the emphasis being placed on encouraging the States to assume the execution of their respective emergency programs.

Revised policy relating to the definition of emergency projects reduced the number and scope of qualifying projects and consequently shifted funds designated for emergencies into priority one and two reclamation grants.

Question: Irrespective of the carryover balance, what is the efficient funding level for this program?

Answer: The requested funding level for FY 1989 is based on the historic needs of those States which have assumed their emergency programs and the historic emergency expenditures in the other States. As with any emergency program, optimum funding levels are very difficult to project and, as result, generate some broad swings from year to year because actual occurrence of the emergency guides the funding level rather than the funding level guiding the reclamation.

Question: How did you arrive at that efficient funding level?

Answer: Broad variations in funding needs are inherent in any operation requiring response to emergency conditions. OSMRE does not anticipate the elimination of these variations. The appropriation is based on historic occurrences of emergencies.

Rural Abandoned Mine Program

In FY 88 Congress increased the funding level for the Rural Abandoned Mine Program from $9.4 million to $15 million (pg. 128). The RAMP program assists landowners in the reclamation, conservation, and development of rural abandoned lands affected by past coal mining.

Between FY 82 and FY 87 RAMP has been funded with $63.3 million. Of this amount, nearly 60 percent has been utilized on personnel costs and the remainder on actual reclamation work. This is one of the reasons you have not requested funds in FY 89 for this program.

Question: How much of the $15 million have you obligated in FY 88?

Answer: Via telephone, SCS informed OSMRE that through March 31, 1988, obligations under the RAMP program total approximately $3.8 million. Of this amount, $2.23 million was for construction and $1.54 million was for personnel and other support costs.

Question: How much do you anticipate obligating by the end of the fiscal year?

Answer: RAMP anticipates that the total $15.0 million plus another $263.5 thousand of FY 87 unobligated funds will be obligated by the end of the fiscal year.

NOTE: For Fiscal Years 1982 through 1987, personnel costs for RAMP accounted for 29 percent of all funds, not the 60 percent stated in the above question. Personnel and other support costs together accounted for 38 percent.

House Interior and Insular Affairs Report

In the House Interior and Insular Affairs Committee report on the FY 89 budget, several suggestions are made that deal with the FY 89 budget of the Office of Surface Mining. I would like to get your assessment of some of their suggestions.

The report suggests adding 5 FTE's to monitor the Kentucky settlement to ensure proper implementation and that tax dollars are not wasted.

Question: What resources has OSM set aside for the enforcement of the Kentucky settlement?

Answer: OSMRE has set aside no additional resources for the enforcement of the Kentucky Settlement.

Question: Why don't you feel the additional 5 FTE's are necessary?

Answer: The addition of five FTEs is unnecessary because careful grant monitoring and normal oversight should detect unanticipated problems. The deficiencies to be addressed by the Settlement Agreement were discovered during the course of oversight with existing staff and it is, therefore, reasonable to expect existing staff to be able to monitor resolution of the issues. We also intend to do an annual audit of expenditures with existing personnel. The combination of normal oversight, self reporting, and an annual audit should be sufficient to ensure proper implementation of the agreement without additional staff.

The Technical Information Processing System provides computer hardware and software to states so they can evaluate mining permit applications. Because the necessary software is available either commercially or in the public domain at little or no cost to the states, the House Committee feels there is no reason to continue funding this program and a $1.4 million reduction is acceptable.

Question: What would the impact be to the TIPS program if this reduction were made?

Answer: The proposed $1.4 million dollar reduction would severely cripple what is now a very successful State/Federal cooperative effort in four fundamental ways. In the first instance, the Technical Information Processing System (TIPS) would experience severe under utilization due to inadequate familiarity with the many intricate functions that have been built into the system. Without sufficient funding, the TIPS users would not be properly trained on how to use the system effectively. OSMRE would rather protect the government's investment thus far, by providing a reliable system to individuals who have been properly introduced to its capabilities and limitations. Over the next few years, OSMRE intends to expand the number and type of TIPS applications to meet what we know will be an increased demand for 21st century technology in the mining community. This coupled with an ever changing applications environment precludes a significant funding reduction.

Secondly, funding must be made available to foster technology transfer among the diversified TIPS user community. No two user applications are exactly alike and OSMRE must have the resources available to transfer knowledge, experience, new applications and research among its users who share a common set of scientific and technical problems.

Additionally, the statement that "because the necessary software is available either commercially or in the public domain at little or no cost to the States" is inaccurate. There are some public domain software packages which meet the stringent requirements for

TIPS that will meet the needs of some users, but the preponderance of the needs require software that is available only through commercial sources. The constantly changing advances made in software technology coupled with high developmental costs makes many software packages available from commercial sources prohibitively expensive and not cheaper as the Committee seems to infer.

Finally, TIPS has a broader application base than just the review of mining permit applications. TIPS has also been designed to assist the regulatory authorities in the evaluation of Abandoned Mine Land (AML) projects, the preparation of complex documents relating the administration of the National Environmental Policy Act and in the evaluation of petitions for designating lands unsuitable for mining under Section 522 of the Act.

Another suggestion made by the House Committee is the good results due to the increased number of auditors and suggests an additional $500,000 for 10 auditors.

Question: Do you need additional auditors?

Answer: Since 1986, OSMRE has nearly doubled the audit staff. This has been beneficial in maintaining a low delinquency rate for AML fee collections of only three percent. The present staffing level of 45 AML fee compliance auditors appears sufficient to handle the necessary audits on a priority basis as well as on a periodic basis with continued good results in the program.

OSMRE performs ongoing periodic analyses of its programs. An evaluation of the workload in the fee compliance audit function is just starting. The completed study will be available to the Committee.

Question: Are the suggestions made by the House Committee new suggestions or have you seen them before?

Answer: The suggestions are, in fact, new although OSMRE had been informally apprised of them. The Department does not support the cutbacks. They would seriously diminish OSMRE's ability to accomplish its mission at a time when it has almost completed augmenting its field organization to accommodate those functions which were decentralized in FY 1986 - FY 1987.

QUESTION SUBMITTED BY SENATOR DON NICKLES

The FY 1989 budget submitted by the Office of Surface Mining Reclamation and Enforcement contains a $30 million reduction in the request for the state reclamation grant program under the Abandoned Mine Reclamation Fund. The rationale given by OSM is that "a considerable amount of funding previously awarded to the states is unobligated and thus remains available for reclamation projects."

I want to make clear for the record that the OSM's rationale for cutting the AML Fund certainly does not apply with respect to my state of Oklahoma. I am informed by the director of Oklahoma's abandoned mine reclamation program that Oklahoma has between $4 and $5 million in reclamation projects ready to go forward as soon as there is the money to do so.

Oklahoma only receives about $400,000 to $600,000 per year as its half of the reclamation fees collected within the state. With more than $130 million in class I and class II reclamation sites in the state, Oklahoma is heavily dependent on federal contributions to reclaim even the most dangerous and unsightly abandoned sites.

In the FY 88 appropriations for the AML, the Congress provided for a minimum of $1.5 million to be provided for states with

sufficient costs in the state's AML inventory. It is clear that Oklahoma needs and could effectively use a much higher minimum. My staff has been informed by your staff that OSM will continue the $1.5 million minimum base level for funding through FY 1989, but I would like to hear it from the Director.

Question: Can you assure us that, where States have sufficient costs in their AML inventory, OSM will provide at least $1.5 million in AML grants during FY 1989?

Answer: OSMRE is currently evaluating the effectiveness and the impact of the minimum program at the $1.0, $1.2 and $1.5 million levels.

Existing and New Training Courses
FY 1988 and FY 1989

Existing Courses (4/88)	Proposed New Courses FY 1988	Proposed New Courses FY 1989
Remote Sensing Workshop	Technical Writing (1)	Bond Release
Soils and Revegetation	Blasting and Inspection (1)	Basic Inspection (3)
Surface and Groundwater Hydrology	Communications and Conflict Management (2)	Hazard Recognition and Avoidance (3)
Enforcement Procedures		Testimony and Evidence Presentation
Engineering Principles for Program Personnel		
Applied Hydrology, with Emphasis on PHCs and CHIAs		
Underground Mining Technology and Effects		
Instructor Training		
Historic and Archeological Preservation		

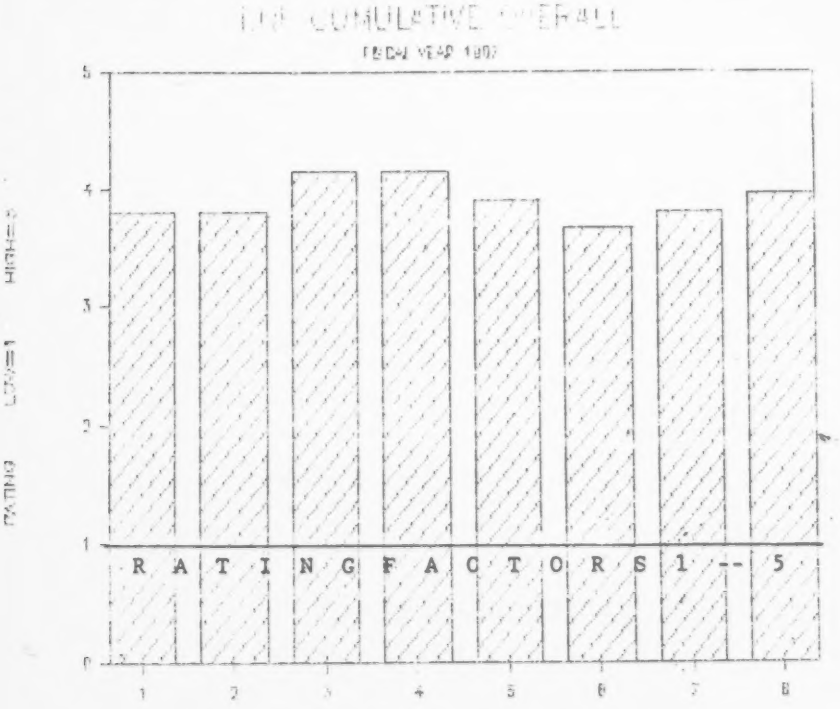
Summary of FY 1987 Accomplishments by Agencies
(October 1986 - September 1987) Total for Year

COURSE	STATE	TRIBES	OSMRE	OTHER	TOTAL
*Basic Inspection	0	0	43	0	43
Soils and Revegetation	63	2	45	14	124
Surface and Groundwater Hydrology	78	0	28	16	122
Engineering Principles for Program Personnel	131	0	68	6	205
Enforcement Procedures	120	0	62	15	197
**Basic Airphoto Interpretation Workshop	0	0	0	0	0
**Advanced Airphoto Interpretation Workshop	6	2	0	0	8
Historic and Archeological Preservation	0	0	0	0	0
Management, Operational Development and Evaluation Seminar	39	0	34	0	73

COURSE	STATE	TRIBES	OSMRE	OTHER	TOTAL
Underground Mining Technology	34	0	36	2	72
Applied Hydrology	101	1	29	10	141
**Surface Mining Remote Sensing	35	0	17	0	52
Instructor Training Course	7	0	23	0	30
Technical Writing	24	0	68	0	92
Totals	638	5	453	63	1,159

*Course was too superficial for training inspectors and has been discontinued.

**Surface Mining Remote Sensing is a combination of Basic Airphoto Interpretation Workshop and Advanced Airphoto Interpretation Workshop.



DATE AND PLACE WHERE SESSION WAS HELD

1 NOVEMBER 18-21, 1986 OWENSBORO, KENTUCKY

2 JANUARY 6-9, 1987 KNOXVILLE, TENNESSEE

3 JANUARY 27-30, 1987 SOMERSET, PENNSYLVANIA

4 FEBRUARY 10-13, 1987 SALT LAKE CITY, UTAH

5 MARCH 31-APRIL 3, 1987 BECKLEY, WEST VIRGINIA

6 JUNE 16-19, 1987 EVANSVILLE, INDIANA

7 AUGUST 18-21, 1987 UNIONTOWN, PENNSYLVANIA

8 SEPTEMBER 1-4, 1987 LEXINGTON, KENTUCKY

BUREAU OF MINES

STATEMENT OF DAVID S. BROWN, DEPUTY DIRECTOR

ACCOMPANIED BY:

JOHN D. MORGAN, JR., CHIEF STAFF OFFICER
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ANTHONY L. ITTEILAG, DIRECTOR, OFFICE OF BUDGET, DEPARTMENT OF THE INTERIOR
JOHN MURPHY, DIRECTOR, PITTSBURGH RESEARCH CENTER

PREPARED STATEMENT

Senator BYRD. Now, if we may have the Bureau of Mines' witnesses.

Mr. David Brown, the Acting Director, will be testifying on behalf of the Bureau.

The fiscal year 1989 budget request of the Bureau is $127,305,000, which is $19,793,000, or 13.5 percent, less than the Bureau's 1988 appropriations to date.

Mr. Brown, your prepared statement will be inserted into the record at this point.

[The statement follows:]

STATEMENT OF DAVID S. BROWN

Mr. Chairman, I appreciate the opportunity to appear before the subcommittee on the Bureau of Mines fiscal year 1989 budget, which sets forth the proposed priorities and directions for the Bureau to carry out its mission. For FY 1989, the Bureau's Budget Request is $126,605,000, which is $8 million above the 1988 President's budget and is comparable to the FY 1988 Appropriations level for the Bureau's internal programs. No funds are requested for such activities as the Mineral Institutes and related programs or field development of in situ copper mining. The budget proposes to build and strengthen the internal programs of the Bureau, which have been redirected and reorganized.

As we discuss the changes in the Bureau, it should be evident that the avenues which we have chosen to emphasize are innovative, exciting, and cost effective approaches to health and safety, environmental protection, resource conservation, and efficiency improvement. While maintaining a base level of effort to refine existing technologies to achieve incremental improvements, we propose bold, new approaches to push the state of the art and advance the technology of the United States in such areas as advanced materials, innovative mining systems, automation and robotics, and waste management and recovery to deal with these problems in revolutionary and innovative ways. We are proposing new Bureau efforts to provide the essential technological and scientific knowledge to show the feasibility of these innovative approaches and to lay the groundwork for applications development by private industry. The Bureau has already, with the assistance of this Committee, begun to move in these directions. With your continued support, we will continue and accelerate that movement.

This budget focuses its resources on enhancing worker health and safety, improving the environmental compatibility of mining and mineral processing operations, improving mineral resource accessibility and conservation, stimulating innovations in the U.S. mining industry, and analyzing the impact of regulations on mineral industries. The redirection of existing resources will allow the Bureau to expand activities in several areas, such as advanced materials, mineral waste management, natural resource assessment, and robotics. This budget significantly builds on and adds to these high priority initiatives contained in the President's fiscal year 1988 budget.

The Bureau of Mines, much like the U.S. minerals industry, is responding to global market changes by restructuring its budget and streamlining its Washington, D.C. headquarters operations. The new organizational structure improves program coordination and integration to better respond and adapt to global changes in mineral and materials markets. The two former information and analysis assistant directorates have been merged under an Associate Director for Information and Analysis. This merger facilitates the collection, analysis and dissemination of current, objective, and accurate mineral information to serve the needs of government decisionmakers at all levels, as well as those of the industry and academia.

Similarly, the two former research assistant directorates have been merged under an Associate Director for Research, and the three former research programs have been reconfigured. In Health, Safety and Mining Technology, the former subactivities of Health and Safety Technology and Mining Technology are linked more closely together to solve their interrelated problems. Research in Minerals and Materials Technology continues under the Division of Minerals and Materials Science. The Division of Environmental Technology consolidates research efforts formerly carried on under Mining Technology and Minerals and Materials Technology. The synergy of this research consolidation better enables the Bureau to address the full spectrum of the mining life cycle -- from extraction to environmental mitigation. The new organization allows the interaction among engineers and scientists with the diverse yet complimentary skills necessary to solve increasingly complex minerals-related problems, such as low environmental impact mineral extraction, cleanup of inorganic toxic materials, and the availability of "high tech" metals for advanced materials.

INNOVATIVE MINING TECHNOLOGY

The United States is facing serious new challenges to its ability to compete in the world minerals market. Compared to its foreign competitors, the

domestic minerals industry is at a disadvantage from a combination of lower grade ores, more stringent regulation, higher energy and labor costs, and foreign government subsidies. The U.S. non-fuel mineral trade deficit in 1987 was about $16 billion, more than 10 percent of the U.S. trade imbalance. Increased import dependency on vulnerable sources of strategic and critical materials has serious national security and economic consequences.

If the United States is to compete in the world and have secure domestic sources of minerals, including the emerging set of "high tech materials," innovative and improved technologies that are designed for smaller, lower-grade U.S. deposits and that combine recovery and processing into fewer steps increasingly are going to be required.

Since marginal improvements to conventional mining technologies are not able to offer benefits in efficiency and resource conservation of the magnitude that the U.S. minerals industry needs, the Bureau has placed increased emphasis on revolutionary approaches. Such new research approaches include: in situ mining for metallic ore; borehole mining for types of deposits not readily amenable to in situ; bulk mining for deeper deposits; and biotechnology for low cost recovery and processing of metals from ores. These innovative approaches can help make feasible the development of otherwise uneconomic deposits, reduce environmental impacts, and minimize hazardous risks to miners.

The Bureau's pioneering scientific work on in situ mining technology seeks to solve problems of controlling fluids, breaking rock and modeling fluid low in the ore body. Efforts focus on gathering and analyzing basic data on fluid flow through ore bodies, determining the contact time to dissolve the mineral and how much ore rock must be broken to allow the fluid to make contact and, importantly, how the fluid can be contained and recovered after it has captured the mineral values.

Another example of research in this area is the use of selected bacteria to extract metals in some operations. Research indicates that microorganisms can be a valuable tool to put strategic and critical minerals such as cobalt and manganese into solution and concentrate them. Bioextraction leaching mechanisms offer great promise to enable industry to produce metals in this country at much lower costs.

ROBOTICS AND AUTOMATION

For the last 3 years, the Bureau of Mines has been accelerating its research in the application of robotics and automation in the mining and processing of ores. These technologies offer exciting breakthrough potential to save lives, reduce injuries and illnesses and, thereby, also improving the competitiveness and productivity of the United States industry in the world minerals market. Conventional research approaches to these problems, while yielding remarkable results in the past, have reached a point of marginal or diminishing returns. Achieving more significant advances in worker health and safety will require a radically different approach - reducing the exposure of people to hazards through the use of automation, robotics, artificial intelligence, remote sensing, and other advanced technologies.

Although robotics technology is available and being used in other industries, special research is needed to adapt it to the unique and extremely harsh conditions found in underground mining. The complexities associated with trying to adapt this type of technology to these unique conditions is such that the research is high risk and long term, yet the potential payoffs if this research does indicate these technologies could be developed and applied by industry could be extraordinary.

The Bureau's frontier research in robotics and automation in a mining environment, coupled with innovative mining systems, can advance the knowledge base to the point where industry can actually develop the next generation of safe, efficient, and highly efficient mining systems.

The Bureau's research focuses on replacing the hands-on-functions of a human in underground mining with new sensors and intelligent decision making

processes and equipment. For example, this would enable a mining system to stay within the coal seam, mine coal and support the roof according to a specified plan, modify the plan based on unexpected mining conditions or mine environment, haul coal from the face to the surface, and allocate and disperse materials, all with reduced exposure of workers to the most hazardous situations.

The redeployment of the mine worker to a safer, healthier location through remote computer control of underground equipment and operations will require specialized sensors. Such sensors not only have to provide accurate and continuous data, they must also be able to operate in wet, dusty, and gaseous underground environments.

As the need to exploit deeper and more marginal coal and mineral deposits increases in this country, so does the requirement for mining systems with the articulation and flexibility needed to cope with adverse geologic structures and changing mine conditions. Research on adapting high technology approaches can lead to improved operating practices and equipment use, and thereby reduce risks to miners.

In the areas of minerals processing, research is proposed to solve basic problems in order that technologies can be developed by industry to provide a greater degree of real-time process control to maximize the recovery of the minerals. By its swift application by industry, the Bureau's pioneering work to optimize and ultimately automate flotation - one of the most widely used beneficiation processes in the country - promises significant advances in resource conservation and more efficient capital and labor use.

NEW AND ADVANCED MATERIALS

The United States industry, government and academia are achieving remarkable results in material research and use. New, "high-tech" materials such as advanced ceramics, plastics, and composites are penetrating markets traditionally dominated by base metals and other conventional materials. These new engineered materials with enriched physical, chemical, and mechanical properties offer certain performance advantages in aerospace, telecommunication, electronics, and biomedical applications. As the demand for these advanced materials increases, how much of that demand can be met by domestic sources becomes a more and more important issue.

For instance, many of the elements being used, or likely to be used, in these materials are obtained wholly or in part as byproducts of base metal production. Availabilities and costs of these elements are directly linked to the traditional base metal industries. Thus, a shrinkage of the domestic production capacity of base metals results in a decline in the domestic supply of various advanced material constituents.

This interrelationship requires careful monitoring of technical development relating to advanced materials and maintaining a strong data base on the distribution, availability, consumption, and end use of mineral elements they require. Consequently, the Bureau's Information and Analysis program initiative is seeking to better understand how advanced materials substitute for metals, what minerals they require, how those requirements can be met, what recycling or disposal issues they pose, and how they can be used for improvements in the mining industry.

The Bureau's internal research program on these new materials builds upon its traditional expertise in fabrication and evaluation technology. For example, ultrafine powders are essential starting materials to make optimum advanced ceramic parts. The Bureau's research on contamination-free grinding has led to the preparation of ultra-high purity silicon carbide powders. Such fine particle production methods are required to make the raw materials in the new high-temperature superconducting ceramics. The Bureau's work in the rapidly changing materials science field is focused on technologies to assure the availability of feedstocks needed to produce advanced materials which benefit the Nation as a whole and also can be used to improve the domestic minerals industry as well.

MINERALS WASTE MANAGEMENT

The minerals industry of this country has accumulated over 50 billion tons of waste and is generating over 1 billion tons a year, about 39 percent of the Nation's solid waste. By comparison, agriculture produces 50 percent and municipal and industrial sources account for the other 11 percent.

These solid wastes include overburden and waste rock generated during mining; waste rock from heap and dump leaching; tailings from beneficiation of ores; refuse from coal cleaning; and dusts, slags, and sludges from downstream processing stages, such as smelting and refining.

In addition, streams have been polluted by acid mine and mine waste drainage for distances equal to a river that would cross the United States three times. Inorganic waste contamination of surface and ground water from both operating and abandoned operations is of increasing concern.

To deal with these complexities of large volume, low toxicity wastes, and with current and proposed regulations, the U.S. minerals industry needs innovative, cost-effective waste treatment technology. The Bureau is responding to this need through its new Environmental Technology program division, which was created to provide greater emphasis, coordination, and direction to address problems of solid and liquid wastes.

The Bureau program has two elements: Control of Mine Drainage and Liquid Wastes, and Solid Waste Management and Subsidence. The first element takes advantage of the Bureau's unique hydrometallurgy expertise to extend the state of the art for the removal of elements present at extremely low but toxic concentrations in contaminated water.

The second element focuses on the safe disposal of solid wastes and the prevention and mitigation of surface subsidence caused by mining activities. The Bureau is seeking to better understand how heavy metals are dissolved, leached, and transported in solid waste so improved control technologies can be developed.

This research program also addresses predicting and mitigating damage from subsidence associated with underground mining, as well as advancing the state-of-the-art in mined land reclamation technologies.

REGULATORY ISSUES

The regulatory activities of government agencies are one of the major factors adversely affecting the competitiveness of the Nation's minerals industries. These regulations have imposed major compliance costs on the industries, and threaten to impose even greater costs, adversely affecting the competitive position of domestic producers who must comply with stringent U.S. regulations while their foreign competitors do not. An even greater problem may be the uncertainty surrounding future regulatory activities. This uncertainty stifles effective planning and investment decisions. The Bureau is focusing its scientific, engineering, and economic analysis capabilities on developing objective information to enable the Congress, regulatory agencies, and the industries to obtain the best balance between environmental benefits and costs of compliance. The Bureau's Information and Analysis program is proposing three major efforts to assist the Nations's regulatory agencies and its minerals industries in managing these issues. The proposed efforts will provide increased support to the Congress and the regulatory agencies in developing strategies for dealing with such problems as mine waste disposal; conducting analyses of the costs of complying with regulations under the Resource Conservation and Recovery Act (RCRA); and evaluating the economic impacts of complying with various strategies for addressing the acid rain issue.

The Bureau's objective is to help assure that regulatory actions are flexible, balanced, and based on good science and sound economics. Information and analytical tools pertaining to mine waste sites, such as site characterizations and compliance cost estimates, will be developed for use by Federal and State regulatory agencies.

Since regulations to combat acid rain may have significant impact on the costs of mineral processing plants and could jeopardize the future competitiveness of major portions of the domestic minerals industry, engineering cost techniques and experience gained in analyzing emissions control technology and costs for smelters will be utilized to assess the impact of potential acid rain regulations on the industry.

The Bureau's regulatory compliance costing system will be adjusted to permit accurate and efficient assessment of costs at individual sites. This will enable the Bureau of Mines to assist Federal and State regulators by providing cost comparisons of alternative remedial approaches on a site-by-site basis.

MINERAL LAND ASSESSMENTS

The Federal Land Policy and Management Act (FLPMA) requires the Secretary of the Interior to report wilderness suitability recommendations to the President on all Bureau of Land Management Wilderness Study Areas by October 21, 1991, and accompany any recommendation for suitability with a mineral survey conducted jointly by the Bureau of Mines and the U.S. Geological Survey. The latest estimate of the total amount of acreage remaining requiring these mineral surveys has recently been increased from 300,000 to 1.2 million acres. These surveys will require efforts beginning in fiscal year 1988 that will carry over to fiscal year 1989 in order to meet the deadline. Funding is provided in FY 1989 to complete this work. Surveys on the Tongass National Forest in Alaska have been requested by the Forest Service. In addition, the Bureau is proposing to conduct a statewide mineral resource assessment of Nevada in the context of an inventory of the restrictions imposed on mineral activities on public lands in that state. Nevada was selected because of its importance as a producer of mineral resources, the many land use and policy decisions it faces, and the considerable amount of geologic fieldwork already completed.

ADMINISTRATIVE ISSUES

As a part of the Bureau's reorganization, the position of Assistant Director - Finance and Management has been elevated to an Associate Director, and has been given responsibility for administration of the Bureau's Helium Program.

The President has again included privatization as a principal strategy in the FY 1989 Budget. Our purpose is to shift production of goods and services from the Government to the private sector in order to reduce Government expenditures and to take advantage of efficiencies that normally result when services are provided through the competitive marketplace.

With these goals in mind, the FY 1989 Budget assumes an increased role for industry in supplying helium to U.S. Government users. The Bureau's contractor, J.R. Campbell Associates, Inc., has completed a study analyzing the issues relating to the valuation and potential disposition of the helium processing and distribution operations of the Bureau. The Department is now reviewing this study.

$3,000,000 is proposed to reimburse the Environmental Protection Agency (EPA) for costs associated with the cleanup of the contaminated Robinson Brick Company (ROBCO) property in Denver, Colorado. The request will allow the EPA to complete the cleanup effort but does not include any costs that may be associated with the ultimate disposal of these wastes. The site for such disposal has not been identified by the State of Colorado. A few years ago, it was discovered that the property was contaminated with radium resulting from Bureau contracted activities going back 75 years. On June 26, 1987, the U.S. Court of Claims entered a stipulated final judgment which found the Bureau liable for future response costs and the United States liable to ROBCO for past cleanup-related costs of $400,000. Payment of this amount is being requested from the general Government Judgment Fund.

In response to the President's Executive Order 12591, entitled Facilitating Access to Science and Technology, a new technical assistance program coordinated with the Departments of State and Commerce is being proposed to help small and medium sized U.S. companies with timely information on foreign technologies which they could adapt and apply to their operations.

IN SITU DEMONSTRATION PROJECT

Senator BYRD. After introducing your associates who are with you, please summarize your statement, and we will proceed.

Before we do that, I understand Senator DeConcini has to go to another hearing. Is there some way we can accommodate him?

Senator DECONCINI. Mr. Chairman, I have to Chair the Treasury hearing at 9:30 and OMB Director Miller will be coming in. If I could ask a couple of questions now, Mr. Chairman, I would appreciate it.

Senator BYRD. Is that all right with you, Senator?

Senator MCCLURE. It absolutely is.

Senator DECONCINI. I would appreciate it.

Could I ask you to respond to a few questions about the fiscal year 1988 funding for the in situ demonstration project?

Congress appropriated $3.5 million to continue the Casa Grande demonstration project. Of this amount $1 million was to be spent on in-house laboratory work for the Bureau, and the remaining $2.5 million was to be spent on the demonstration project.

Congress also included language on cost sharing.

Can you tell me where we are with the 1988 program? Are you close to completing negotiations on cost sharing?

Mr. BROWN. Senator, we have been in negotiations. We agreed to the technical scope of the work for that activity in your State. Cost sharing is the only issue that is still open. The cooperators should be back to us in the next 2 to 3 weeks. We hope to finish off on the cost sharing.

Senator DECONCINI. Are you optimistic you can get an agreement and they are being cooperative?

Mr. BROWN. Absolutely. We have had very good cooperation and understanding on their part as well as the part of the Bureau.

Senator DECONCINI. Since this is a 5-year project, it seems to me that the Bureau would be better served by the formulation of a multiyear contract with the non-Federal participant?

Mr. BROWN. We have had some discussions about that internally in the Bureau, and that is something we will be looking at in the next couple of weeks.

Senator DECONCINI. My last question regarding this, I note that no funds were requested to continue the demonstration project for 1989. If funding were not a problem, what does the Bureau expect it could spend in 1989, to maintain the 5-year schedule?

Mr. BROWN. When the project was scoped, it was scoped as a 5-year program. Our assumption was that the first year would be $5.5 million. In the second year it would be $4 million, and straight on down.

So with the overall appropriation of $3.5 million in the 1988 program, we think in order to get back on schedule that we would have to pick up that $2 million difference in 1989.

Senator DECONCINI. Mr. Chairman, I appreciate very much your indulgence. I have other questions that I will submit for the record.

Thank you.

Senator BYRD. Thank you, Senator.

Mr. Brown, would you like to proceed with your statement?

Mr. BROWN. It is a pleasure to appear before the committee on behalf of the Bureau and also on behalf of our budget proposal.

We have brought some rather dramatic changes in the Bureau of Mines recently, and these are changes designed to help it better adapt and respond to the tremendous changes that have occurred in the minerals industry in this country and the world.

We think that rather than reacting to events that we should be better anticipating and preparing for future changes and needs in this industry. Rather than confining ourselves to work at the margin or settling for incremental improvements, we are trying to seek revolutionary or leap-frog advances in knowledge and technology that are going to give this Nation a competitive edge that it needs in the world today. What we are seeking to do is to take more advantage of the high technologies that are already out there in other sectors of the economy to improve the health and safety of workers, to improve environmental quality, and also to improve the overall productivity of the Nation's mineral economy base.

We are trying to identify and remove those barriers to innovation, trying to ensure that regulatory decisions, Mr. Chairman, are based on good science and good economics, trying to assure that in the area of land use decisions that we practice the full disclosure of their mineral values, and also we are trying to communicate the vital importance of minerals to advanced materials, high technology, national security, and our national economic growth.

The change that we have brought to the Bureau has been two-pronged. There has been the programmatic change and the organizational change.

Last year's budget transmitted to the Congress laid out, I think, a clear set of priorities and emphases in such areas as automation and robotics, expert systems, innovative mining and mineral processing systems, waste management, new and advanced materials, regulatory analysis, and also the important area of inventorying our natural resource base.

This year's budget builds on those areas of emphasis and priorities and requests $126.6 million. That is $8 million over the fiscal year 1988 request. It is comparable to the fiscal year 1988 appropriation level in the aggregate in the internal program of the Bureau.

The Bureau's budget request as a percentage of the departmental budget request overall is the highest since fiscal year 1983. It is 20 percent higher than the request of 2 years ago.

Because of the building and strengthening effort that we have tried to bring to the internal program of the Bureau, there are no funds in this budget for mineral institutes and related programs as well as such activities as copper in situ work in Arizona. These alone amount to about 16 million dollars' worth of spending.

BUREAU REORGANIZATION

The second prong of the change that we have brought to the Bureau, Mr. Chairman, has been with respect to the organization. Having made the changes in directions for the future, we felt it necessary to streamline and simplify the way that we were organized. So we now have a better program that allows for the coordination, the integration, and the responsiveness that we think the Bureau's program needs.

This reorganization only affected the headquarters. No field facilities were changed. We reduced the number of directorates by one-half. We reduced the number of program divisions from 12 to 7. We have strengthened technology transfer. We have improved the public information efforts of the Bureau.

We think that we now have a broad-based, multidisciplinary program of research that can draw upon a wider expertise base in the Bureau to deal with increasingly interrelated and complex problems that are affecting the minerals industry in this country.

We also have a fully integrated minerals information program from its collection and interpretation to its analysis.

It seems to me, Mr. Chairman, that this Nation must have a sound, stable mining and minerals industry. In fact, that is what the law requires it to have.

Also, I think it needs a strong Bureau of Mines, a Bureau that is at the cutting edge of technologies and a Bureau that is fully engaged in the decisions that are made affecting the minerals base of our Nation.

As a nation, it seems to me that we have to find innovative and even rather revolutionary ways to explore for and mine minerals, to process them, to turn them into useful products and materials and also to deal with the wastes that they generate.

This transition budget of the Bureau will help us find ways to translate those high technologies into cleaner, safer, and more productive mining and processing in this country. It will help to get the policy decisions of this Government based on good science and good economic analysis. It will help us remove barriers to innovation and competitiveness as we attempt to identify the future opportunities for minerals, and to improve the quality and security of the lives of Americans.

Let me conclude on the note that last year this committee in its report addressed the issue of the location of the headquarters of the Bureau of Mines. It recognized the importance of where the Bureau is located. It indicated that in the considerations that were attendant to those decisions that price would not be the only factor.

I strongly feel, Mr. Chairman, that the Bureau needs to be located in the Washington area. As national headquarters for the Bureau of Mines, it needs to be accessible and available to clientele that it is charged to serve, and it needs to have its own identity which the laws of this country and the policy that this administration recognize.

That, Mr. Chairman, concludes my opening remarks. I will be happy to try to respond to any of your questions.

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ADEQUACY OF BUDGET

Senator BYRD. You state that the United States is facing serious new challenges to its ability to compete in the world minerals market. You also note that nonfuel minerals account for some $16 billion, more than 10 percent of the U.S. trade imbalance.

The health of both our fuel and nonfuel mining industry is vitally important to our standard of living, and it does, as you say, have a very heavy impact on national security.

If we must depend on foreign supplies for strategic and critical minerals, for example, we are going to be much less independent in our development of foreign policy. So these are important issues.

You have noted earlier in your statement that the Bureau is proposing a fiscal year 1989 request to embark on many new revolutionary approaches to improve the efficiency of the U.S. minerals industry. I congratulate you on these new initiatives because they are important and play a key role in this forward-looking policy.

While the budget request of $127 million is an improvement over many which the administration has submitted in previous years, I doubt that goes far enough in the areas of improving technology to make our mining industry more competitive in international markets.

I don't believe it does enough to protect the health and safety of miners, whom we ask to take on a very dangerous task so that the rest of us may benefit from their work, and I don't believe that the budget adequately supports next generation technology that will improve mining jobs in the near term.

I am concerned about the narrow focus on long-term high risk research to the detriment of other necessary research.

Are you familiar with the Inspector General's Report No. 88-16?

Mr. BROWN. Yes, I am, Mr. Chairman.

Senator BYRD. Do you agree with the finding of the inspector general that the Bureau is not fully complying with the President's 1982 policy on the Government's research role?

Mr. BROWN. It is our position that the Bureau's program is fully consistent and supportive of the President's program.

Senator BYRD. Did the Bureau prepare a rebuttal to the inspector general's report?

Mr. BROWN. Yes, we did, Mr. Chairman.

Senator BYRD. Would you please supply a copy of any such response for the record?

Mr. BROWN. Yes, we will, Mr. Chairman.

[The information follows:]

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JAN 26 1989

Memorandum

To: Assistant Inspector General for Audits

From: Assistant Secretary, Water and Science

Subject: Audit Report, "Mining Research Program, Bureau of Mines" (C-WS-BOM-09-86) (Report No. 89-16)

In accordance with the request contained in your memorandum of November 25, 1987, and the requirements stated in the Departmental Manual (350 DM 5.3), we have reviewed the above-referenced report.

In general, we concur with all of the recommendations contained in the report. The Bureau of Mines is in the process of implementing those that have not already been implemented. Responses to each of the recommendations contained in the report are provided in the attachment to this memorandum.

This office provides ongoing oversight to the program of the Bureau of Mines to ensure that it conforms to congressional mandates and Administration policy. This conformance is reaffirmed through the annual budget development process, when the program undergoes a thorough review by the policymakers in this Department and the Office of Management and Budget (OMB) before it is approved.

We plan to continue this oversight in the coming year. The practices of the Bureau of Mines in developing its research program, and formulating its budget are in line with the policies established by the Department, and approved by OMB. Priority setting and project selection, within these policies remains the jurisdiction of the Bureau of Mines.

We want to thank you for your efforts in working with the Bureau of Mines to resolve some of the differences of opinion regarding findings presented in the report. We will be pleased to provide any additional information you may require.

RESPONSE TO RECOMMENDATIONS IN THE OFFICE OF THE INSPECTOR GENERAL, AUDIT REPORT MINING RESEARCH PROGRAM, BUREAU OF MINES (C-WS-BOM-09-86)

Recommendation 1.1. Seek written policy guidance from the Office of Management and Budget (OMB) regarding the relationship of the Bureau's research program to the President's policy on basic research and follow the guidance.

Response: Concur. In addition to the annual guidance provided by OMB in the budget process, the Bureau worked closely with OMB and with the Assistant Secretary--Water and Science staff in developing the FY 1989 Budget Estimate. There have been many working sessions and detailed briefings on the content of the research program, and policy guidance has been provided to the Bureau regarding the development of new initiatives. These initiatives, and the content of the remainder of the program, have been reviewed in the budget process. This review by the Department and by OMB ensures that the Bureau's research program is in conformance with the President's policies. This Office will continue to guide and monitor the Bureau throughout the year in the conduct of the program.

Target Date: Accomplished.

Recommendation 1.2. Follow OMB definitions for classifying all research projects.

Response: Concur. The Bureau will use the OMB definitions for classifying research projects. The definitions have been clarified to reflect research in the field of mining engineering, and this clarification has been included in the FY 1989 Budget Estimate. In addition, reviews during the year will include consideration of how research projects are classified to ensure that the Bureau conforms to the definitions published in the Budget Estimate.

Target Date: March 1988.

Responsible Bureau Official: Forshey

Recommendation 1.3. Emphasize basic research in project selection after satisfying developmental or applied research that responds to specific requests or authorizing legislative initiatives.

Response: Concur. The Bureau will carefully meet the requirements of authorizing legislation, specific requests for applied or developmental research from Congress or other Federal agencies, and budget initiatives that receive Departmental and OMB approval. The Bureau will emphasize basic research as appropriate and feasible, and document the procedures and basis for selection of projects.

Target Date: April 1988.

Responsible Bureau Official: Forshey

Recommendation 1.4. Avoid research projects that compete with or duplicate efforts ongoing in private industry.

Response: Concur. It has always been the policy of the Bureau to avoid duplicating efforts ongoing in private industry. To further minimize the possibility of duplication, the Bureau will establish a review process. The process will be documented, and in instances where there might appear to be the potential for duplication, the basis for selection will be documented.

Target Date: September 1988.

Responsible Bureau Official: Forshey

Recommendation 2.1. Establish documented procedures to prioritize and fund research projects based on the technical merits of the projects, availability of technical staff, staffing stability, and external factors.

Response: Concur. Procedures are now being developed, and will be documented to reflect the basis for project selection, especially for those projects that are selected for reasons other than their evaluations by technical reviewers.

Target Date: September 1988.

Responsible Bureau Official: Forshey

Recommendation 2.2. Evaluate and redefine center missions to avoid any unplanned overlap and assign projects to the appropriate center based upon that center's expertise and capabilities.

Response: Concur. The Bureau will redefine its research center missions in response to changing emphasis in the research program. Documentation procedures will be enhanced to describe substantive differences in those projects which might appear to have similar objectives to those at other centers.

Target Date: September 1988.

Responsible Bureau Official: Forshey

NOTE: Recommendations 3.1, 3.2, 3.3, and 3.4 have been implemented and, do not require further action, as stated in the audit report.

Senator BYRD. Senator McClure, would you like to ask some questions?

Senator MCCLURE. Thank you very much, Mr. Chairman.

First, let me compliment you on your initial comments. I agree with them with respect to the general thrust. I guess it will come as no surprise that both you and I perhaps in our actions as well as our words speak more loudly than Congress as a whole with respect to the need for a strong minerals industry in this country.

I want to compliment somebody in the Bureau for the improvement in the total amount requested by the Bureau. Of course, it is not as much as I feel is necessary, but it is $7 million above last year's request, and it is a step in the right direction.

But having said that, I don't want you to be misled into believing that Congress won't tinker with your budget. I expect we will.

I must in that context spend a moment or two at least in focusing on the priorities, as you express them in your budget in a rather broad sense.

For fiscal year 1989 you have requested increases above the base for information and analysis—that is up 7 percent—and essentially level funding for general administration. Unfortunately, you have requested a decrease for research. That is down by 25 percent. The amount you have requested for research is almost the exact same amount you have requested in fiscal year 1988. That is $70,335,000 for fiscal year 1989 as against $70,809,000 in fiscal year 1988.

There are some new initiatives in the research budget, but essentially the increase in the amount you have requested over fiscal year 1988 is directed to programs, general administration, information and analysis.

Is there a reason the Bureau has ignored research?

Mr. BROWN. We don't think we have ignored the research program, Senator. The research program in the 1988 budget, and even more so in the 1989 effort, has undergone an awful lot of redirection as we have tried to identify the kinds of critical issue areas which the Bureau ought to focus on, and I included some of those earlier in my statement when I indicated automation and robotics. The whole application of computer technology is important. The whole area of the environment is important.

So there is a lot of redirection.

With respect to the 1989 request compared to the 1988 appropriation level, let me just mention a couple of differences that we get hung up on, I think, between those levels when we use the percentages.

The minerals institutes and the Casa Grande project account for $16 million combined. I don't want to diminish the importance of those activities, Senator McClure, but they are not in the budget. The administration has not asked for moneys for the mineral institute programs. Casa Grande is more on the developmental end of the spectrum than the administration has seen fit to support in the past.

So there are some big chunks of money that account for a large part of the discrepancy between the 1988 appropriated level and the 1989 request. With respect to a comparison of the requests, 1988 to 1989, there is somewhat a static level there. There are some puts and takes, as the budget people refer to them, that I think mask the fact that the amount of money in the 1989 budget that is actually going to research is higher than what we proposed in 1988.

The 1988 budget did contain moneys that were higher. For example, the Federal Employees' Retirement System adjustments were made in that base. There were some rent adjustments.

We would be happy to supply for the record that accounting, which would give you perhaps a clearer idea on that point.

[The information follows:]

ADJUSTMENTS TO THE BASE

Adjustments for the following items were made in the Bureau of Mines budget between the fiscal year 1988 appropriated amount and the fiscal year 1989 base amount:

	Adjustment
January 1988 pay increase	+$1,357,000
Workers compensation payments	−219,000
Rental payments to GSA	+1,120,000
Federal Employees' Retirement System	−2,768,000
Departmental working capital fund	+31,000
FIRM accounting system	+515,000
Federal telecommunications system	+140,000
Pay/Pers	+441,00
Executive and clerical pay raises	+195,000
Total	+812,000

RESEARCH BUDGET REQUEST

Senator MCCLURE. All right.

How much the Bureau request of the Department for research?

This is the request that went to OMB.

Mr. BROWN. The Bureau's request was $92 million.

Senator MCCLURE. And that was reduced to $70 million?

Mr. BROWN. That was reduced to $70.3 million.

ADVANCED MATERIALS

Senator MCCLURE. You have requested an increase of $350,000 in mineral commodities to expand the work in advanced material activities, such as structural ceramics, polymers, magnetic materials, and so on. These funds will be used to develop a census of advanced materials, including company names, products, processes, production figures, company plans, and so on.

What are your plans after the census is developed?

Mr. BROWN. What we are trying to do is identify what that industry is. It is a rapidly emerging industry that is critical to the future of this country, but also it has very important impacts on the traditional mining and minerals industry. So our plans are to identify that industry

and to monitor it on an ongoing basis as part of our information activity, to understand what it means in terms of substitution and displacement, but also what it means in terms of opportunities in the future for the traditional minerals and metals that those advanced materials are going to require.

Senator McCLURE. Have you done any preliminary work in this area?

Mr. BROWN. We already have an inventory underway through an Office of Advanced Materials Coordination in the Bureau that is headed by Dr. Charles Sorrell. We have been very active with our sister agencies to get a better handle on that.

So it is already in progress, and I think we are doing quite well in that area.

BLM LAND ASSESSMENTS

Senator McCLURE. You requested an additional $1 million in fiscal year 1989 in order to complete the mineral investigations necessary to meet the Federal Land Policy and Management Act deadline of 1991. The majority of these funds are proposed to be utilized on the Utah BLM statewide wilderness draft environmental impact statement. Additional acreage for other States continues to be requested by BLM for study in fiscal year 1989.

At the current pace do you anticipate completing the work by 1991?

Mr. BROWN. It is our expectation that we will complete all that work, all of the publication of the work by the end of fiscal year 1990 so that it can go into the process in fiscal year 1991 to meet the deadline.

Senator McCLURE. I am a little puzzled to know why you are making the request for the Utah work and that all other States' requests go through BLM.

Mr. BROWN. It is my understanding that the request for the Utah work has come through the BLM.

Senator McCLURE. But it is included in your budget.

Mr. BROWN. Yes.

Senator McCLURE. In other States it is included in the BLM budget.

Mr. BROWN. At the present time the BLM has not come to us and indicated that they need any of our money at this point in those additional States where they have had some adjustments.

Senator McCLURE. So it is responsive to the request in the joint administration of this program between BLM and you?

Mr. BROWN. As well as the Geological Survey.

Senator McCLURE. BLM is the lead agency in effect and you are responding to their requests in specific cases?

Mr. BROWN. Yes, sir; that is right.

CASA GRANDE PROJECT

Senator McCLURE. You proposed a $743,000 decrease in fiscal year 1989 in advanced mining systems. This decrease is the net effect of a $4.1 million increase in the program for new initiatives in mining systems, robotics and several decreases for leaching and equipment testing

programs that you feel are more appropriately conducted by the private sector.

In your justification you state that before in situ mining can be considered an economical method of mining a specific mineral basic data needs to be gathered and analyzed on fluid flow through ore bodies, the contact time required to dissolve the mineral, et cetera.

One of your decreases in fiscal year 1989 is a field scale experiment for in situ leaching of copper at Casa Grande, which is cost shared with industry. This is a project for which money has been added by Congress for each of the past 3 years.

Why does industry feel the in situ leaching process is ready for field experiments while you are proposing to spend another $2.3 million on basic data gathering?

Mr. BROWN. The industry is interested in a particular type of ore body, copper oxide ores in Arizona, and they are prepared to go with technology applicable to that kind of ore, which is appropriate. We think there are opportunities there.

The Bureau's program is geared beyond the State of Arizona and copper oxides. We are looking at the possibility of applying in situ leaching to other kinds of mineral resources. So it is critically important that we try to build the base program, the mineral information knowledge base in this country. We are funding the base science, the fundamental science so that it can work in other States with other kinds of ore bodies. That is what we are trying to get at in that.

Senator MCCLURE. Has the Casa Grande project met the Bureau's expectations?

Mr. BROWN. Probably in a technical sense it may be premature to say. We have not really started the activity there. As I indicated earlier to Senator DeConcini, the process is on track and our discussions are going well. But with respect to the generic design manual, which the Congress had funded earlier, predicating the work in Arizona, we are quite pleased with the contract work that was done on that, which allows us to move ahead much more rapidly on the design of this particular mine as well as looking at other kinds of mines.

Senator MCCLURE. Is the experience with Casa Grande transferable to other minerals?

Mr. BROWN. Other oxide ores. There is a larger body of sulfide ores, that are more difficult to get at, but frankly we think that in situ leaching, in situ mining if you will, is something that ought to be in the repertoire of this Nation with respect to strategic and critical minerals.

Those are the minerals that are extremely hard to get at. They are leaner and pose all kinds of difficulties in mining them in a traditional sense. We think that in situ does provide an excellent sort of technology for the future in order to access those kinds of mineral ores.

LEACHING OF PRECIOUS METALS

Senator MCCLURE. In fiscal year 1988 Congress provided the Bureau with $500,000 to be cost shared with another $500,000 from industry for the leaching of precious metals.

What is the status of that project?

Mr. BROWN. About 2 or 3 weeks ago we placed a notice in the CBD, asking for expressions of interest in a cost share, and the indications are that there is responsiveness out there and that we will have people who will step forward on that. So we are going to start the process.

MINERAL INSTITUTES

Senator MCCLURE. For the last several weeks at various times I have had the opportunity to compliment MMS for not including a budget proposal relating to the sharing of mineral receipts during fiscal year 1989. As you know, they have made this proposal for the past 7 years, and it has been rejected every year by Congress. Apparently, after 7 years the administration got the message that has been delivered, and it was proposed for fiscal year 1989, and I compliment the administration on the quick and ready grasp of the realities. [Laughter.]

Mr. BROWN. We try to please, Senator McClure.

Senator MCCLURE. The Bureau of Mines, however, has had a similar problem with mineral institutes and has again not requested any funds for them.

Are they really that bad?

Mr. BROWN. No; they are not, Mr. McClure.

In the oversight hearing last week in front of Mr. Rahall of West Virginia, focusing on his legislation to expand the program, I testified for the administration. While I indicated that we still opposed the program because we think there are resources available at the State level and in private industry, I also indicated that we would not object to the authorization of the research grants, as opposed to the allotment grants.

We have had some revisiting within the administration on this issue. While there is no money in this budget, the administration's not objecting to an authorization of the research grants should not necessarily be construed as a commitment for future funding requests. Nevertheless, at least it is an issue now that is out on the table more than it has been in the past.

SPOKANE RESEARCH CENTER PURCHASE

Senator MCCLURE. If I could switch for just a moment to the Spokane Research Center. In fiscal year 1988, Congress provided the Bureau with $1.1 million in appropriation language authorizing the phased purchase of the Spokane Research Center. The remaining funds necessary for this purchase were designed to be provided in future appropriations bills.

I note that the Bureau has requested an additional $400,000 in fiscal year 1989 for this purchase.

What is the status on that purchase at the present time?

Mr. BROWN. We are expecting to hear from the appraisers I think next week, Mr. McClure. That will help us adjust what the appropriate funding level is for that purchase.

Senator MCCLURE. Thank you very much. Thank you, Mr. Chairman. I have some additional questions for the record.

CONGRESSIONAL ADD-ONS

Senator BYRD. Thank you, Senator McClure.

Those questions will be provided to the Bureau for its responses for the record.

Mr. Brown, you have pointed out that no funds were requested for the Minerals Institutes Program for in situ copper mining or other similar programs.

Is there money in the fiscal year 1989 request to continue any of the programs or projects added by Congress in the appropriations process for the current year?

Mr. BROWN. I think that there have been in the 1988 and now in the 1989 program some adjustments to the Bureau's program that are reflective of monies that the Congress has seen fit to put in the Bureau's budget.

For example, the work that has been done since May 1983 at Idaho Falls, which is strategic and critical minerals and materials work at the Idaho National Engineering Laboratory, is now part of our base program, and it is funded to the level of $3 million.

The level of money that Congress included in the 1988 appropriations for automation and robotics, at $1.8 million, is also in the administration's program with respect to how we have tried to redirect some of the internal fundings.

So there is a consensus that there are areas in which we jointly agree.

Senator BYRD. Does the Bureau consider these add-ons to be of low priority?

Mr. BROWN. The fact that the Congress has added these to our budget in no way would diminish their technical viability and importance. We simply have had a disagreement on priorities. We propose and the Congress disposes. We accept the judgment of the Congress and move ahead accordingly.

Senator BYRD. Do you view many of these congressionally sponsored projects as simply representing incremental improvements in mining technology and not the revolutionary approaches which you are proposing in the budget?

Mr. BROWN. I think the add-ons are much like what is in the base program of Interior. We have got to have a repertoire. There has got to be fundamental studies and basic research, and there has got to be some applied work. I think that the add-ons address incremental improvements which need to be addressed, but also they do provide moneys for these leap-frog approaches which we think increasingly are important.

So it is a proper mix, and we think that is important.

NEW TECHNOLOGIES

Senator BYRD. How many years do you think it will take before the new long-term, high risk revolutionary approaches are commercially deployed in the mining industry? Ten years? Five years? More than that?

Mr. BROWN. Some of our people, with respect to automated and robotic mining machinery, think that it could be maybe 15 years away, but it depends. It depends upon the situation because we are seeing industry out there taking advantage already of these technologies. I think what has happened, Mr. Chairman, in recent years because the U.S. minerals industry has gone through a depression—those who are surviving have gone through a great deal of cost cutting and restructuring, and part of the cost cutting was in research.

What I have been finding is the U.S. minerals industry is probably more receptive now to research and technology than it has ever been in the past because they are at the margin. They are competing in a global market. While technology is not a panacea for everything, it is an important aspect, and I think there is a receptivity to try a lot of different approaches and take advantage of new technologies. We are quite encouraged and stimulated by that kind of receptivity.

I think it also opens up some new avenues of cooperation that are going to be needed between industry and Government if this country is going to have a minerals industry into the next century.

Senator BYRD. Do you think the new technologies are being developed far enough, fast enough, and hard enough, or what is going to happen to the mining industry while we are waiting for these revolutionary approaches to become available? What is going to happen to the improvements in the health and safety of our miners? What is going to happen to their jobs?

Mr. BROWN. The technology that is out there, the technology that is represented in the kinds of research that the Bureau has done in the past on health and safety and on productivity, is doing the job and has made an enormous contribution to the viability of the industry.

But we are going to take advantage of these new kinds of technologies. One example of the area of focus in the Bureau is this. In the mining environment you are going to have to have a whole new generation of sensors that are able to tell the difference between the rock and coal interface. It may be more than one sensor that you need on a cutting machine. It is just not practical to take the technology off the floor in Detroit, automation, robotics, and all that, and place it underground, an enormously difficult situation to encounter.

That is what we are trying to do, to apply and adapt what is out there to those underground environments so that they will hold up. If you take them underground, you have got to do an awful lot more in order to protect them from the harsh environment there than if you were transferring them to some other kind of industry.

So in that area those are the things that we are trying to focus on. We are not necessarily into the design of the machines as such. That ultimately is the responsibility of the industry. But we are trying to come up with computer software packages, as an example, and think through the kinds of systems we are going to need in the future to adapt computer technology for continuous mining so it can go into those low coal seams that we have in Appalachia and run back and forth into the coal seams rather than sending a man in there to the face or under an unsupported roof.

OMB LETTER

Senator BYRD. There is much that can be done and should be done to improve mining and minerals technology today and over the next few years. Many of the congressionally sponsored projects may represent only incremental improvements, but we must have a balanced approach to strengthening the minerals and mining industry.

The incremental improvements are better than no improvements at all, and in my years in Washington it is clear to me that the Government cannot sit idly by and simply sponsor long-term research. Development is often costly, and the benefits do not necessarily accrue to a specific State, but to the country at large.

So I believe these congressional initiatives are important, and I believe that Senator McClure and the other members of the subcommittee are in agreement with me on this point.

While we are discussing congressional add-ons, I would like to turn to the March 15, 1988, letter from OMB Director James Miller. In his letter Mr. Miller asks whether you intend to follow the congressional request.

Mr. Brown, do you intend to carry out the programs as Congress intended in the fiscal year 1988 appropriation and associated reports?

Mr. BROWN. It is our intent to do so, Mr. Chairman. I am aware of the letter from OMB which calls our attention to report language. There may be exceptions, rare instances, in which there may be problems with the report language, but we think report language is instructive.

As I understand, the issue of the letter is in process in the Department and in OMB, but I would anticipate that we have no issue with the Bureau on that point.

Senator BYRD. Will you supply the committee with a copy of your response to Mr. Miller?

Mr. BROWN. Yes, sir.

[The information follows:]

MARCH 31, 1988.

To: Director of Budget
From: Budget Officer, Bureau of Mines
Subject: Fiscal year 1988 wasteful, unnecessary, and low priority spending, projects, and directives in report language.

As requested by your memoranda of March 16 and 25 and OMB Director Miller's memorandum of March 15, we have reviewed the OMB material provided on the Bureau's St. Joe flame reactor project, the only Bureau project identified. We have retyped the information provided by OMB on the attachment to provide the information you requested as well as to correct errors in the OMB information.

Bureau of Mines:						
[N42	A-884	Research	0.6	0.4	0.2	2.3
	N-36		[OMB's numbers are inaccurate—these are correct.]			
	O-44					

Funds for research to complete work on the St. Joe flame reactor, an experimental hazardous waste incinerator in Pennsylvania.

(3) Some funds have been obligated (fiscal year 1986 and fiscal year 1987 appropriations of $600,000 each year). None of the fiscal year 1988 appropriation of $600,000 has yet been obligated. The conference report recognized that $500,000 would be required to complete the project, and stated that it would be considered in fiscal year 1989. OMB evidently included these funds in their figures, although they were not appropriated in fiscal year 1988. The Bureau has not included these funds in its 1989 budget request.

(1) The Bureau intends to follow this congressional request unless otherwise directed. This project is investigating a potentially useful technology for producing valuable mineral products while neutralizing hazardous wastes. Over one-half of the total project cost has already been obligated.

ST. JOE FLAME REACTOR

Question. Do you intend to follow the congressional request?

Answer. Yes: unless otherwise directed.

Question. Do you intend to partially comply with the request and in what manner?

Answer. Not applicable.

Question. What are the reasons for your intended full or partial compliance with the request?

Answer. This project, which is in the third year of a projected 4 year effort, is investigating a potentially useful technology for producing valuable mineral products while neutralizing hazardous wastes. Over one-half of the total project cost has already been obligated.

ROBOTICS RESEARCH

Senator BYRD. How much did the Bureau of Mines spend in fiscal year 1986 and 1987 on robotics research, and what are the planned expenditures for fiscal year 1988?

Mr. BROWN. As far as the numbers for the previous years, we can supply the numbers for the record.

[The information follows:]

ROBOTICS RESEARCH EXPENDITURES

Bureau of Mines funding for robotics research in the Health, Safety, and Mining Technology Program is as follows:

Robotics research:	
Fiscal year 1986	$1,970,000
Fiscal year 1987	3,105,000
Fiscal year 1988	4,427,000

REMOTE CONTROL APPLICATIONS

Mr. BROWN. In terms of the intent of our program in this area, I indicated earlier, Mr. Chairman, the need for technology in this country is a combination of health and safety improvement as well as productivity and, frankly, some environmental improvement.

When you have that kind of technology a miner doesn't have to go to the face of the mine—about a quarter of all of the fatalities occur within a distance of 25 feet of the face.

The other major problem you have is unsupported roof. The miner has to go in under there to put up roof bolt or a pillar. If we do that by remote control without exposing them, we think that we can have the kind of quantum leaps, if you will, for health and safety, not only from roof falls but also from the dust that is generated.

That ultimately is what we are seeking, and it is not a Buck Rogers type thing. It is here today.

The Bureau has had, I think, a world class program underway in our research area. We have had a lot of good work with Carnegie-Mellon and also with the University of West Virginia in this area. I think it is a good example of cooperation between government and the university sector, in particular.

Senator BYRD. Would you provide for the record a table of the major non-Federal participants in robotics research and also indicate how much funding each has received from the Bureau of Mines?

Mr. BROWN. Yes, sir.

[The information follows:]

NON-FEDERAL PARTICIPANTS IN ROBOTICS RESEARCH

The major non-Federal participants in robotics research, and the amount of Bureau of Mines funding going to each, are as follows:

	Fiscal year—	
	1987	1988
Institution:		
Carnegie Mellon Institute	$314,000	$246,000
West Virginia University	217,000	338,000
Massachusetts Institute of Technology		54,000
Colorado School of Mines		54,000
Total	531,000	692,000

ADVANCED MATERIALS

Senator BYRD. The Bureau has a major new initiative in advanced materials research.

Would you explain what work the Bureau is conducting or sponsoring in the area of silicon carbide powder production, reinforcement agents, and toughening or densification processes?

Mr. BROWN. When we talk about advanced materials, there is always some debate as to what advanced materials really are, even in the scientific community. But I think what we are witnessing are materials that are engineered rather than mined. They are engineered for a specific kind of application.

The Bureau's program in advanced materials is twofold. It is in the information area. We simply have to have an idea what this industry is, what it means in terms of impacts and displacements to the traditional minerals industry in this country, as well as the kind of opportunities that these advanced materials are going to present our mining industry.

Many of these advanced materials have opportunities to improve our mining and minerals industry. This country loses about $118 billion a year in wear and corrosion. A good part of that is in the mining industry, where you have an awful lot of wear and abrasion. If we can come up with new materials for bits, picks, and other kinds of abrasive surfaces, we may experience some substantial improvements in that area.

Also, we are trying to understand from an informational base what are going to be the needs that high technology is requiring of advanced materials and those advanced materials that are going to require metal elements.

What we are finding is that increasingly it is the byproducts and coproducts that are showing up on the lists of concerns at DOD and in the private sector. These byproducts and coproducts are from base metal production—germanium out of zinc, for example.

The concern that I have had and expressed is that if we lose the base metal production in this country—copper, lead, and zinc, and so forth—not only are we going to lose the base metals, but we are going to lose access to the coproducts and byproducts that are going to be key elements for superconductors and other kinds of materials for high technologies of the future.

So on the information side we are trying to understand that, and we are trying to provide information and analysis in the policy arena so that we better understand the interconnectiveness, if you will, of these advanced materials to the traditional base in this country. I think there is a synergism. There is a close linkage on the research side.

The Bureau has traditionally been concerned with strategic and critical minerals. We are concerned about the issue of conservation, of wear and corrosion, of losing too much of the cobalt and chromium. A lot of our work is dedicated to things like hard facing so that you diminish the amount of cobalt and chromium if you can deposit that kind of facing as a surface material.

We are also interested in substitution. How can we find alternatives to the minerals that we have to import and we don't have in this Nation? One example is platinum and our dependency on South Africa. There are some intermetallics that we think offer some opportunities as replacements or substitutes for platinum, especially catalysts that are used in the petroleum industry.

We also have an interest in the Bureau of Mines in superconductors, not necessarily in making them. But we think superconductors, if they do come along, offer an enormous opportunity in magnetic separation of ores. If you can use the supermagnets to separate out the kinds of metals and minerals, you can have some real breakthroughs in processing. We can eliminate some of the grinding and crushing aspects that are so expensive and energy intensive.

We have done an awful lot of work in the ceramics area to come up with the kinds of fine powders, the high purity, uncontaminated fine powders, that are going to be used in ceramics in the future, the specialty ceramics as well as the superconductors.

So it is an exciting area of opportunity. It is an exciting area of understanding what these impacts are because the amount of change is so rapid. The Bureau historically has kept book, if you will, on minerals in the world. We think that advanced materials is a logical extension of keeping book on supply and demand of all of the commodities all over the world and what their implications are for the future.

JAPANESE WORK

Senator BYRD. How are we doing in terms of the Japanese?

Mr. BROWN. In terms of processing technology, my experience has been that the Japanese have done a very good job in assimilating the research and technology of Americans. We have to simply do a much better job of taking advantage of what we produce in this country rather than letting other nations come in and run with it. I think there have been a lot of examples of that occurring.

We are quite interested in the Japanese work in the ceramics area in particular. We have had a good deal of interchange and understanding how they do things and exactly what they are up to.

ADVANCED MATERIALS PROGRAM PLAN

Senator BYRD. Do you have a long-term plan for the Advanced Materials Program?

Mr. BROWN. We have a document which outlines what the purpose of this effort is, Mr. Chairman. We would be happy to supply that for the record. It outlines what it is that we are doing now and what we will be doing in the future with respect to information gathering as well as the research.

Senator BYRD. Do you have a 5-year plan?

Mr. BROWN. It is not a 5-year document as such. This is an emerging program, but the plan that we have does represent a first increment of attention. We have done a lot of work inside the administration with our sister agencies that share in this area, trying to work with them so that we ensure that the niche of the Bureau of Mines is understood and is appropriate and that we are able to supply information to other agencies.

Senator BYRD. Why don't you develop a 5-year plan?

Mr. BROWN. It is probably something that is needed, but frankly we have moved this program rather quickly and have not really solidified those out-years. We know where we are now and where we want to go in the near term, but I would agree that there is a need for us to structure that for those out-years.

Senator BYRD. So why don't you do it?

Mr. BROWN. We will.

Senator BYRD. You say there is a need for it?

Mr. BROWN. Yes.

Senator BYRD. Let us know how you are progressing in developing the 5-year plan.

We certainly thank you.

ADDITIONAL COMMITTEE QUESTIONS

The subcommittee will have some additional questions which will be submitted to the Bureau for written response for the record.

[The following questions were not asked at the hearing but were submitted to the Bureau for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Mine Waste

Question: You have requested an increase of $500,000 to expand your program in order to meet the mine waste management requirements of the Resource Conservation and Recovery Act (RCRA). These funds will be used to assess the direct and indirect impact on the mineral producers of pending RCRA regulations. Can you explain your current program? How will this program expand?

Answer: At the direction of Congress, the Environmental Protection Agency has responded to the requirements of the Resource Conservation and Recovery Act and has defined wastes streams from ore and mineral processing as solid waste regulated under Subtitle D of this Act. EPA will define the handling of other waste stream from mineral processing as either being solid or hazardous in subsequent reports to Congress. In FY 1988, the Bureau of Mines initiated a program that will estimate the economic impact of this regulation on specific mining operations as well as on selected domestic mining industries most adversely affected. This initial effort concentrated on the gold and phosphate industries but will be expanded to all non-fuel mineral commodities covered by this regulatory determination in FY 1989 and subsequent years. In addition, as regulatory definition on other mineral process wastes streams are made by EPA, the Bureau will respond by assessing the impact these regulatory determinations would have on the domestic minerals industry.

Superfund

Question: Under the Superfund process, 996 sites have been identified and listed on the National Priority List. Unfortunately, nearly half of the list cites metals as the contamination. The Environmental Protection Agency is in the process of addressing the metal/nonmetal mining waste contamination issues to determine the need and means for additional regulations. If EPA isn't careful though, they will regulate the mining industry right out of existence. Your FY89 budget proposes an increase of $1.275 million for development of control technology applicable to solid wastes from mining, minerals processing and pollution control unit processes. What research will be done with this increase?

Answer: The single most significant potential source of environmental degradation from mining and mineral processing solid wastes involves the release of heavy metals or processing chemicals into surface and/or ground waters. Superfund cleanup costs under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and Superfund Amendments and Reauthorization Act (SARA) impose liabilities on responsible parties for past activities. Active mining operations will face new costs and liabilities from Resource Recovery and Conservation Act (RCRA) regulations in 1989, developed to avoid creating future sites requiring expensive cleanups.

The increase of $1.275 million is to further focus the Bureau's research on control technology to prevent surface and ground water contamination from migration of heavy metals and chemicals from the solid wastes. FY89 emphasis is on research aimed at funding effective means to (1) control of cyanide release from precious metals leaching operations, a study that has industry and university support and cooperation; (2) reducing or eliminating the formation of acid waters in wastes piles, waste rock, tailings impoundments, adits, etc., a study that is applicable to a wide variety of solid wastes, including that of Superfund sites; and (3) new technology to decontaminate mineral processing solid wastes. The cleanup of some mineral sites
has been estimated to cost hundreds of millions of dollars. This discourages new mineral production ventures. We must undertake the research that will lead to development of new, lower cost waste management practices that eliminate environmental degradation and future liabilities for cleanup.

The RCRA solid waste rulemaking currently underway at EPA for minerals processing wastes also discourages new mineral development. EPA is considering listing the residuals from pollution control as hazardous waste. The first industry sectors being considered are copper, zinc, lead, and aluminum. The Bureau is undertaking studies in decontamination and safe disposal technology. EPA will be focusing on other non-ferrous operations in their next set of evaluations, scheduled for this summer (1988).

Question: Was this the amount you asked for from the Department? OMB?

Answer: No, this was not the amount asked for either from the Department or OMB.

Question: Did you work with EPA in developing this research program so they understand and can learn from your research?

Answer: The Bureau has cooperated extensively with EPA for both CERCLA and RCRA issues. The Environmental Technology research program reflects EPA's concerns. For CERCLA sites, cooperation has occurred under a memorandum of understanding with EPA's Office of Solid Waste and Emergency Response. A Nationwide effort has been mounted with EPA regional offices. The Bureau has applied its metallurgical and geohydrologic expertise to 16 specific Superfund Sites in order to provide treatment options for cleanup.

EPA cleanup remedies are selected based on an evaluation of alternative remedies according to specific criteria. For mineral sites, the best available technology must cope with the volumes and complexities of the wastes. Research can extend well known extractive metallurgical techniques to waste cleanup problems as well as to develop new techniques that are more cost effective. This could save tens of millions of dollars in Superfund cleanup and result in long-term solutions (required under SARA) rather than removal and burial.

Question: What is EPA's research effort in this area?

Answer: EPA's Superfund program has an extensive research effort, including a demonstration program for alternative or innovative cleanup technologies. While the technologies selected so far were not designed specifically for mineral sites, it is likely that some of the technologies may be applicable. The Bureau believes that its research in mineral site cleanup and control technology is an important compliment to EPA's research efforts.

Question: Do you agree with their direction?

Answer: Yes, the Bureau agrees that new technology must be tested through an aggressive research program to lower cleanup costs. The future viability of the domestic minerals industry depends on our ability to cleanup toxic materials from past operations and to prevent future environmental problems.

Policy Analysis

Question: On page 62, you indicate the policy analysis of the impact of tax and regulatory changes for the State of Idaho remains to be accomplished. What is the status of the study? How much would it cost to fund the study to completion?

Answer: The Idaho potential supply assessment began in FY 1988. In FY 1988, the Inventory of Land Use Restraints (ILURP), which is part of the study, will be completed. In addition to the ILURP work, which focuses on known resources and accessibility to minerals on Federal lands, work was initiated to estimate inferred resources in Idaho. However, given the overall priorities of the Bureau of Mines and the pressing need to reduce Federal expenditures to control the deficit, funds were not requested for this work in FY 1989.

An additional two years of work would be needed to complete the Idaho potential supply assessment including an economic evaluation of undiscovered resources in Idaho, and a policy analysis of the impact of wilderness designations.

The following additional funding would be needed to complete the Idaho statewide assessment as outlined above:

	Year 1 ($Mil)	Year 2 ($Mil)
BOM	1.00	.75
USGS	1.00	1.00

Idaho Land Assessment

Question: The Inventory of Land Use Restraints (ILURP) provides regional information on the relationships between Federal land restrictions and mineral production and assessments of known deposits. The BLM and Forest Service use the information produced in land use decisions, in reviewing previous decisions and assisting the private sector in exploration and development decisions. Funds were added in FY88 for the Idaho study and it will be completed this year. The ILURP is essentially an inventory of known deposits. What programs exist in the Bureau of Mines or elsewhere in the Department that inventories and maps unknown deposits?

Answer: Estimation of the type and number of unknown/undiscovered deposits is principally the responsibility of the USGS, although the Bureau of Mines has developed such estimates in several instances. The USGS also maps terranes favorable for mineral deposits. For specific geographic areas, estimates of unknown/undiscovered deposits of resources are developed by the USGS, and passed on to the Bureau of Mines, along with models of deposit grades and tonnages. The Bureau uses these physical descriptions to estimate the costs of producing minerals from such deposits, and the potential profitability and economic impact from such activity to develop estimates of reserves.

Ground Control

Question: For a number of years, Congress has added funds for mountain bump and rock burst research. The Bureau's budget again for FY89 shows a decrease of $2.25 million in Ground Control. You justify this decrease in anticipation of increased cost sharing with industry. Have you identified the source of this increased cost sharing?

Answer: Under a memorandum of agreement being negotiated between ASARCO and the Bureau, the mining company is expected to contribute $500,000 for development of a mine-wide microseismic monitoring and analysis system for rock burst monitoring at the Galena mine in Idaho.

Island Creek VP No. 3 mine, in Virginia, is cooperating with the Bureau in mountain bump research, contributing about $100,000 a year in providing test sites and logistic support for field instrumentation.

Sunnyside mine, Utah, is also cooperating with the Bureau in coal mine bump research, contributing about $50,000 a year in providing test sites and logistic support for microseismic monitoring and analysis.

Question: Why do you feel industry will provide more funds in FY89 than in FY88?

Answer: With the technical progress being made in Bureau research for microseismic monitoring and prediction of rock burst and mountain bump, the bureau believes that the industry will feel it is more justifiable to increase their investments in supporting Bureau research for their own benefit. Likewise, Bureau research in mitigating rock bursts and mountain bumps using a rock mechanics approach to improved ground control in mines also has received increasing recognition by cooperating mines. Therefore, it is our intention to further promote cost-sharing research with the industry in FY 1989.

Question: Please provide for the record a comparison of the FY87, FY88, and proposed FY89 funding for mountain bumps. Please identify research projects and research centers for each year.

Answer:

Project	Res. Ctr.	Funding ($1,000) FY87	FY88	FY89 (Proposed)
Roof & Floor Confinements	Spokane	188	0	0
Mountain Bump Studies	Pittsburgh	502	541	350
Stress Control Methods	Denver	251	372	100
Coal Bounce and Outburst	Denver	502	541	350

Project	Res. Ctr.	Funding ($1,000) FY87	FY88	FY89 (Proposed)
Parameter Controlling Roof Stability	Spokane	251	0	0
Mine Stability/Microseismic Activities	Denver	188	0	0
Distressing Bounces, Bursts, etc.	Denver	280	0	0
Automated Mine Planning and Destressing Techniques	Denver	0	375	400
Total		2,162	1,829	1,200

Question: Please provide for the record a comparison of the FY87, FY88, and proposed FY89 funding for rock burst. Please identify research projects and research centers for each year.

Answer:

Project	Res. Ctr.	Funding ($1,000) FY87	FY88	FY89 (Proposed)
Ground Control Planning for Deep Vein Mines	Spokane	251	391	0
Time-Dependent Deformation of Deep Vein Openings	Spokane	276	432	150
Rock Burst Mechanics	Spokane	0	0	250
Rock Burst Monitoring at Galena Mine	Denver	0	500	200
Rock Burst and Failures in Mines	Denver	376	487	350
Microseismic Assessment of Underhand Longwall	Spokane	360	0	0
Microwave Fracture Detection	Denver	140	0	0
Total		1,403	1,810	950

INEL

Question: Please provide for the record the amount provided in FY89 for research at the Idaho National Engineering Laboratory. What research projects funded in FY88 are not proposed for FY89 funding?

Answer: The amount provided for funding in FY89 for INEL is $3.0 million. The projects funded in FY88 that are not proposed for FY89 funding are:

(1) Use of Ultrasound in Extractive Metallurgy, and
(2) Research in Supercritical Fluids.

These efforts are of lower priority than other INEL and inhouse efforts which will be continued.

ROBCO

Question: You have requested an increase of $3.0 million in General Administration to reimburse the EPA for costs associated with the cleanup of the contaminated Robinson Brick Company (ROBCO) property in Denver, Colorado. Can you explain this request?

Answer: The Bureau of Mines operated a radium production facility in Denver from 1913 to 1918 under a cooperative agreement with the National Radium Institute. The process captured some seventy percent of the radium, but the remaining radium, uranium, and other radionuclides were left on the property as waste. The Bureau activity with radium in Denver spurred a radium boom. A number of private firms began to produce radium in Denver in the period 1915-1920, but all operations ceased when the Belgian Congo deposits were discovered in 1923. The radium industry in Denver was all but forgotten until EPA, as part of tracing the toxic waste problem with radioactive materials in New Jersey in 1979, found reference to the Bureau of Mines operation. Denver was identified as the source of much of the radium used in New Jersey.

EPA identified over thirty locations in Denver that are contaminated with radium processing waste. These were collectively listed as the Denver Radium Site on the National Priorities List of hazardous waste sites. The largest of the Denver properties is the Robinson Brickyard, where the National Radium Institute plant was located. The address of the property is 500 South Santa Fe Avenue. It is south of downtown Denver and east of Interstate 25.

The Bureau of Mines admitted liability for the Robinson Brickyard and the contiguous portions of the Denver Rio Grande and Western Railroad right-of-way in June 1987 because it was an operator of a facility that generated a hazardous waste. This admission was part of a settlement of a suit brought by the Robinson Brick Co. The Bureau is the responsible party liable for cleanup under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. The Bureau is liable for the Robinson Brickyard only and has no link to the other Denver Radium Site properties.

The EPA issued a Record of Decision in September 1986 selecting removal of the radioactive wastes as the remedial action. The preferred option is removal and permanent disposal, but no disposal site has been approved in Colorado. The second option is removal and temporary storage. The engineering design for that option, temporary storage, has been prepared by United Nuclear Corporation (Grand Junction). It is expected to go to bid soon, with cleanup planned to begin in May 1988. Implementation of the cleanup temporary and storage of the wastes onsite should be completed by September 1988. EPA is attempting to convert the temporary cleanup plan to permanent disposal by transporting the material to Utah at the end of temporary cleanup. In February 1988, the State of Utah licensed a new low-level radioactive waste disposal site at Clive, Tooele County, Utah. EPA is attempting to use this site for ROBCO waste. Arrangements are underway, but there are several steps not yet completed. The total cost was originally estimated by EPA to be $3.0 million. Recent site studies indicate that a larger quantity of material will have to be removed from the site. This will increase the cleanup cost. The exact amount of additional cost is not known at this time.

Deferred Maintenance

Question: In FY88 Congress provided $750,000 for maintenance of Bureau research centers because it was felt there was a significant amount of deferred maintenance. This funding is not requested in FY89. Has the backlogged maintenance been eliminated?

Answer: The backlogged maintenance has not been eliminated, however, given the overall priorities of the Bureau of Mines and the need to reduce the Federal deficit, additional funding for maintenance is not requested.

Question: Do the Directors of the various Research Centers agree?

Answer: Directors of the various Research Centers agree that a backlog of maintenance still exists.

Question: Please provide for the record the uses of the $750,000 and an idea of what would be done if an additional $750,000 was provided in FY89?

Answer: The $750,000 provided in FY88 will be used to accomplish the following:

$375,000 for Building 1 at the Pittsburgh Research Center to correct a radon problem, upgrade the electric service to comply with the Code, and the installation of facilities for the handicapped to comply with the Barrier's Act.

$224,000 for badly needed renovations of the main building at the Rolla Research Center, including heating, ventilating, and air conditioning, plumbing, and other utilities replacement to provide service to five floors above basement.

$151,000 for the Alaska Field Operations Center for removal of asbestos from heating pipes, roof repair of laboratory buildings, replacement of steam line, and other facility improvements.

If additional funding of $750,000 were provided in FY89, it would be used to accomplish the following:

$150,000 for part of the cost of replacement of six PCB-type transformers at the Twin Cities Research Center that are required by law to be replaced by October 1, 1990, and improvements to the heating system.

$250,000 for the Pittsburgh Research Center for repair of roofs on buildings 151 and 152.

$100,000 for Tuscaloosa Research Center for replacement of old, drafty, and energy inefficient windows that are causing high heating and air conditioning costs.

$250,000 at the Reno Research Center for the replacement of old, drafty, and energy inefficient windows that are causing high heating and air conditioning costs, and improvements to the plumbing system.

SUBCOMMITTEE RECESS

Senator BYRD. The subcommittee stands in recess until 2 p.m. today, when it will hear testimony from the naval petroleum reserve and the strategic petroleum reserve.

Thank you very, very much.

Mr. BROWN. Thank you very much, Mr. Chairman.

[Whereupon, at 10:20 a.m., Monday, March 28, the subcommittee was recessed, to reconvene at 2 p.m., this same day.]

(AFTERNOON SESSION, 2:15 P.M., MONDAY, MARCH 28, 1988)

The subcommittee met at 2:15 p.m., in room SD–116, Dirksen Senate Office Building, Hon. J. Bennett Johnston presiding.

Present: Senators Johnston, Bumpers, and Nickles.

DEPARTMENT OF ENERGY

FOSSIL ENERGY

STATEMENT OF J. ALLEN WAMPLER, ASSISTANT SECRETARY FOR FOSSIL ENERGY

ACCOMPANIED BY:

DONALD L. BAUER, PRINCIPAL DEPUTY ASSISTANT SECRETARY, FOSSIL ENERGY

RICHARD D. FURIGA, DEPUTY ASSISTANT SECRETARY, PETROLEUM RESERVES

BUDGET REQUEST

Senator JOHNSTON. The subcommittee will come to order.

This afternoon we are here in the Interior and Related Agencies Subcommittee to review the fiscal year 1989 budget estimates for the SPR and the naval petroleum reserves.

Testifying this afternoon on behalf of both programs will be Mr. Allen Wampler, Assistant Secretary for Fossil Energy.

The subcommittee will turn first to the SPR. The fiscal year 1989 budget request for the reserve includes $173 million for facilities construction and operations and $333 million for oil acquisition.

The total request then is $506 million, which is $95 million, or 16 percent, less than the fiscal year 1988 appropriation to date. This comparison masks unobligated construction balances from fiscal year 1987 which carried forward into fiscal year 1988 and extraordinary advance purchases in fiscal year 1988 of approximately $49 million, or 45 extra days' worth of petroleum that will not be delivered until fiscal year 1989.

Taking these factors into account, obligations for construction range from $183 million in 1987 to $213 million in 1988, down to $160 million in the fiscal year 1989 request.

Likewise, normalized obligations for oil purchases vary from $525 million in 1987 to $439 million in 1988 and $334 million in fiscal year 1989.

PREPARED STATEMENT

So, welcome to the subcommittee, Mr. Wampler. We have your prepared statement. We will insert it in the record at this point.

[The statement follows:]

STATEMENT OF J. ALLEN WAMPLER

It is my pleasure to appear before you today in support of the President's budget proposals for the Petroleum Reserves, which include the Strategic Petroleum Reserve and the Naval Petroleum and Oil Shale Reserves. I am accompanied by Mr. Richard D. Furiga, Deputy Assistant Secretary for Petroleum Reserves.

OVERVIEW

Our budget proposals for fiscal year 1989 reflect an integrated strategy affecting both the Naval Petroleum Reserves and the Strategic Petroleum Reserve. This policy involves both the budget request and the Administration's December 1987 draft legislation to sell Naval Petroleum Reserves Numbered 1 (Elk Hills) and 3 (Teapot Dome). This legislation is an integrated three part plan for assuring the fill of the Strategic Petroleum Reserve, enhancing the emergency fuel reserves for the armed services, and improving the management of the Naval Petroleum Reserves. The key provisions of this legislation are:

(1) The Secretary of Energy would be authorized to sell Teapot Dome and the Government's interest in Elk Hills.

(2) The proceeds from the sale of the Naval Petroleum Reserves, which we estimate will be from $3.4 to $4.0 billion, would be placed in the SPR Petroleum Account which is used for the acquisition and transportation of oil to fill the Strategic Petroleum Reserve, permitting an increase in the SPR fill rate to 100,000 barrels per day.

(3) Using part of the revenue from the sale of the Naval Petroleum Reserves, the Department of Energy would create a 10 million barrel Defense Petroleum Inventory for the Department of Defense. It would be managed by the Strategic Petroleum Reserve Office, but would be available at the request of the Secretary of Defense.

We believe that this integrated approach will give the country a greater degree of energy security than does the current system of dealing with the three programs independently, and will put the Naval Petroleum Reserves into the hands of private owners so that they can be managed more efficiently.

From a strategic perspective, the depletion of the Naval Petroleum Reserves, which has occured since 1976 when they were opened up, has been more than compensated for by the the Strategic Petroleum Reserve, which was created in 1975 and now holds over 540 million barrels of crude oil. The Strategic Petroleum Reserve is ideally located, with access to refineries which depend on imported crude oil, and the oil is stored in man-made caverns designed specifically for rapid drawdown in an emergency. At the present time, the Strategic Petroleum Reserve inventory can be distributed at initial rates of up to 3 million barrels per day, creating an emergency response capability far superior to that of Elk Hills and Teapot Dome. Our proposal would extend the benefits of using rapid-drawdown crude oil storage to the needs of the Department of Defense, through the creation of the Defense Petroleum Inventory.

In addition to being part of an integrated approach to energy security policy, we believe that the divestiture of the Naval Petroleum Reserves makes excellent managerial sense. Government competition with private companies is not in the best interest of our system of private enterprise, and in the case of these assets, there is no overwhelming public interest in keeping them in public hands. Both the oil fields and the economy would benefit if the fields were run by specialized executive and middle management that will focus on profitability. We believe private sector management would be better able to respond to new market and technological developments, and that there would be economies-of-scale from having the fields operated by companies already in this business. Concurrently, the Government could focus its resources on strategic oil stockpiling and other programs which are public sector functions.

In summary, we have a plan which will provide the following benefits:

-- It will complete the evolution to the Strategic Petroleum Reserve as the Nation's first line of defense against a petroleum supply disruption;

-- It will provide the monetary resources necessary to increase the Strategic Petroleum Reserve fill rate to 100,000 barrels per day.

-- It will improve defense emergency preparedness by giving the Secretary of Defense rapid access to crude oil in an emergency.

-- It will re-establish an appropriate division of roles between the public and private sectors, putting the ownership of two operating oil fields in the hands of companies with the ability and incentive to improve their operation.

-- It will provide a near-term cash inflow to the Federal Government by capitalizing the value of these assets.

I would now like to turn to the specific budget requests for the two Petroleum Reserves programs.

Fiscal Year 1989 Budget Request - Strategic Petroleum Reserve

The Administration remains committed to achieving the goal of a 750 million-barrel Strategic Petroleum Reserve. The fiscal year 1989 budget request for the Strategic Petroleum Reserve will provide continued funding for the operation and maintenance of the Reserve, for solution mining at the Big Hill and Bayou Choctaw sites, and for activities which will enhance the drawdown and distribution capabilities of the Reserve. The request will also provide for filling the Reserve at an average rate of 50 thousand barrels a day in fiscal year 1989, which we propose to increase to 100 thousand barrels a day using the proceeds from the divestiture of the Naval Petroleum Reserves.

The proposed FY 1989 budget request for the Strategic Petroleum Reserve (SPR) is $507,000,000 and includes $173,400,000 for the Strategic Petroleum Reserve Account and $333,600,000 for the SPR Petroleum Account. The Strategic Petroleum Reserve Account funds

all activities associated with the development, operation, and management of the Reserve, and the SPR Petroleum Account funds the acquisition and transportation of crude oil.

Strategic Petroleum Reserve Account

Planned obligations from the Strategic Petroleum Reserve Account in FY 1989 are $173,400,000.

Storage Facilities Development and Operations

The fiscal year 1989 planned obligations for Storage Facilities Development and Operations are $160,021,000.

No obligations are planned in fiscal year 1989 in the Phase I, II, or III budget categories. Phase I is complete; Phase II construction will be completed in FY 1988; and Phase III surface construction at Big Hill and Bayou Choctaw has been fully funded. All major surface site facilities for a 750 million barrel reserve will be completed by the end of fiscal year 1989. Completion of solution mining at West Hackberry will be achieved in fiscal year 1988. Solution mining at Bayou Choctaw and Big Hill will continue on a schedule designed to achieve a full 750 million barrels of capacity by the end of fiscal year 1991.

At the end of fiscal year 1988, the total underground storage capacity of the Reserve is expected to be 600 million barrels, located at five sites as follows:

Bryan Mound	226
West Hackberry	219
Sulphur Mines	26
Bayou Choctaw	56
Weeks Island	73
Total	600

Non-Phase Specific

Non-Phase Specific was established as a funding category within the Storage Facilities Development and Operations budget in fiscal year 1981. Since fiscal year 1986, all facilities-related activites, except site surface construction, have been directly funded within this category. All of the $160,021,000 in planned obligations for fiscal year 1989 are Non-Phase Specific activities.

Within the Non-Phase Specific category, there are three subcategories of funding, each of which is different from the others in terms of the activity or group of activities addressed. These subcategories are Operations, Capital Improvements and Distribution Enhancements.

(1) Operations includes operations and maintenance (O&M), security, utilities (primarily electric power), ongoing environmental activities for all sites, continuing engineering, technical, analytical and logistics support, and contract services in support of operations activities. Planned fiscal year 1989 obligations in this subcategory are

$135,602,000. The primary focus of fiscal year 1989 activities will be on maintaining all sites and systems in a state of operational readiness while continuing capacity development and oil fill.

(2) Capital Improvements addresses modifications to existing facilities to assure that mission objectives can continue to be met. Projects in this category usually require engineering design and analysis. Projects are identified as a result of operating experience and safety, reliability and vulnerability assessments and studies. Planned obligations for fiscal year 1989 are $22,019,000, with major projects to include security enhancements at Bryan Mound and West Hackberry, modification of the raw water intake channel and pumping system at Bryan Mound, installation of new cable tray and duct bank systems at Bryan Mound and West Hackberry, and risk abatement tasks at Weeks Island.

(3) Distribution Enhancements was introduced as a Non-Phase Specific funding subcategory through a reprogramming action in fiscal year 1985 to address changes in commercial distribution systems which limited the capability to distribute oil from the Reserve during an emergency. The maximum commercial distribution capability for the oil that will be in storage by the end of fiscal year 1988 will be approximately 3.3 million barrels per day, compared to a drawdown capability of approximately 3.5 million barrels per day. The objective of the SPR Distribution Enhancements program is to achieve a commercial distribution capability equal to a planned drawdown capability of 4.5 million barrels a day. Enhancements in progress or initiated in fiscal year 1988 will increase distribution capability to 4.0 million barrels a day by the end of fiscal year 1989 and plans for further increasing this capability to 4.5 million barrels a day will be inititated in fiscal year 1989. Planned obligations in fiscal year 1989 are $2,400,000. These obligations will fund design engineering and procurement of long-lead equipment for Bryan Mound drawdown enhancements as part of the program to achieve the total distribution capability of 4.5 million barrels per day.

Management

Management funding provides for all salaries and expenses necessary to plan and manage the Reserve, including personnel at headquarters in Washington, those at the Oak Ridge Operations Office (ORO) and those at the Project Management Office (PMO) in New Orleans. In addition, the administrative overhead costs for the PMO in New Orleans are funded from this category.

Management funding also provides for various kinds of information gathering, analytic work, and management and technical support used in making near-term and long-range management and policy decisions governing the accomplishments, goals, and objectives of the Strategic Petroleum Reserve program. Planned fiscal year 1989 obligations for Management are $13,400,000. The authorized staffing level for the fiscal year is 147 full-time equivalents (FTE's).

SPR Petroleum Account

Oil Acquisition and Transportation

Funds are appropriated to the SPR Petroleum Account for the purchase of crude oil, marine and pipeline transportation, customs fees, terminalling charges, environmental taxes and other necessary oil acquisition-related expenses.

The Fiscal Year 1988 Appropriation Act (Public Law 100-202) established a ceiling on outlays from the appropriation for the SPR Petroleum Account. The assumption underlying this ceiling was that of filling the Reserve at an average annual rate of approximately 50 thousand barrels a day in fiscal year 1988. Based on our price experience for the first five months of the fiscal year, our current projection is that we will achieve an average rate of about 55 thousand barrels a day within the outlay ceiling. The fill requirement for fiscal year 1988 will be met through purchases under two purchase agreements with Petroleos Mexicanos (PEMEX), Mexico's state-owned oil company. The first of these was a 1986 agreement under which deliveries were completed in early December 1987. The second is a two-year agreement executed November 30, 1987, which provides for deliveries at an average rate of 65 thousand barrels a day, subject to the availability of funds. Due to the fiscal year 1988 outlay ceiling, this agreement was modified to reduce the average delivery rate to 50 thousand barrels a day during the months of February through April 1988 and will likely be modified again to establish appropriate delivery rates for the months of May through August 1988. Average deliveries through February under the current agreement and the 1986 agreement were approximately 68 thousand barrels a day.

Based on our current projections, the SPR is expected to contain approximately 554 million barrels of crude oil at the end of fiscal year 1988. That inventory is equal to approximately 85 days of 1987 net imports of crude oil and petroleum products and is in addition to the hundreds of millions of barrels of stocks held by other industrial nations and the private sector.

We propose to fill the Strategic Petroleum Reserve at an average rate of 50 thousand barrels a day in fiscal year 1989 to achieve a cumulative fill of approximately 572 million barrels. We also propose to advance-order approximately three months of fiscal year 1990 oil deliveries at 50,000 barrels per day. Planned fiscal year 1989 obligations are $333,555,000. The Fiscal Year 1988 Appropriation Act waived the restrictions in section 160(d) of the Energy Policy and Conservation, which ordinarily condition the sale of Elk Hills crude oil on filling the Strategic Petroleum Reserve at a minimum rate of 75 thousand barrels a day until at least 750 million barrels are in storage. Our proposed appropriation language for fiscal year 1989 would again waive these restrictions.

The Fiscal Year 1988 Appropriation Act also provides that fiscal year 1988 receipts from sales of petroleum and petroleum products from the Naval Petroleum Reserves No. 1 and No. 3 in excess of $836,000,000 shall be deposited in the SPR Petroleum Account to acquire amd transport oil for the Strategic Petroleum Reserve and for other necessary expenses associated with oil acquisition. Based on our current projections the fiscal year 1988 receipts from

Naval Petroleum Reserves No. 1 and No. 3 will not approach that level.

On December 10, 1987, the Department forwarded proposed legislation to the Congress to authorize the sale of either or both of the Naval Petroleum Reserves Numbered 1 and 3 If the proposed Naval Petroleum Reserve divestiture legislation is enacted, the Department will propose an amendment to the fiscal year 1989 budget request for the SPR Petroleum Account to request an additional $684,352,000, including $207,525,000 to acquire the oil for the Defense Petroleum Inventory and $476,827,000 to increase the fill rate of the Strategic Petroleum Reserve in fiscal year 1989 to 100 thousand barrels a day.

I will now address the Naval Petroleum and Oil Shale Reserves budget.

Fiscal Year 1989 Budget Request - Naval Petroleum and Oil Shale Reserves

Until a final decision is made on the divestiture of the Naval Petroleum Reserves, they will continue to be produced at their maximum efficient rates under the management of the Department of Energy. A study on continued production was submitted to the President in October 1987 and a subsequent decision to continue production until April 1991 was provided to Congress.

The fiscal year 1989 budget request for the Naval Petroleum and Oil Shale Reserves is $185,100,000, an increase of $7,400,000 over fiscal year 1988. Any amounts appropriated but not required as a result of the sale of Elk Hills and Teapot Dome would be proposed for rescission.

Naval Petroleum Reserves No. 1 (Elk Hills) and No. 2 (Buena Vista)

Naval Petroleum Reserve No. 1 is being produced at the maximum efficient rate. Planned production in fiscal year 1988 is approximately 108 thousand barrels of oil per day, increasing to 109 thousand barrels in fiscal year 1989. While primary development of the Reserve has been completed, some infill production wells will continue to be drilled. The focus of the drilling program will be on wells required to support recovery techniques such as for waterflooding and steamflooding. If successful, these projects will not only raise immediate production but also will increase ultimate recovery from the field.

Fiscal Year 1989 Budget Request (Planned Obligations)

The fiscal year 1989 budget request for Naval Petroleum Reserves No. 1 and No. 2 is $161,616,000. Funding is requested in the following categories:

Operations and Maintenance ($115,416,000) - This funding category will provide for the day-to-day field activities necessary to continue production at the maximum efficient rate (MER). Major activities to be funded are:

1) Production Operations ($66,613,000) - To provide routine operation and maintenance of crude oil and gas production,

distribution, processing and sales systems; buildings and facilities; waterflood and steamflood programs; and final installation and testing of equipment for the NOX compliance program. This subcategory also includes the major well work required to maintain existing wells in optimum producing condition. A total of 201 remedial workovers is planned for fiscal year 1989.

(2) Management and Administration ($19,847,000) - To provide for general management, auditing, legal, secretarial, and related support services. This subcategory also includes material control/warehousing, acquisitions (purchasing/ subcontracts), and automated data processing.

(3) Technical Support and Assurance ($28,956,000) - To provide for the engineering functions required to maintain reservoirs and facilities in optimum condition to comply with MER requirements. Specifically, this includes: production engineering, reservoir/geological engineering, drafting, reservoir studies, systems engineering, design engineering, cathodic protection/corrosion engineering, design engineering, and electrical engineering. This subcategory also provides funding for safety, security, environmental protection, and quality assurance programs such as waste management, air quality assurance programs, industrial hygiene, fire protection, safety inspections, and physical and personnel security.

Development Drilling ($19,000,000) - To provide for the drilling of all development wells at NPR-1. This subcategory includes water injection and enhanced oil recovery wells, in addition to producing wells. Along with securing additional production, this program is designed to maintain reservoir and pool performance through pressure maintenance and to further define reservoir limits. The fiscal year 1989 request will provide for the drilling of 26 producing wells.

Development Facilities ($23,200,000) - To provide for the construction and/or modification of facilities needed to support continued development and production of the field. Included in this request are funds for facilities required for environmental and safety compliance, implementation of enhanced recovery methods, and facilities to accommodate changing field conditions, such as declining reservoir pressures and increasing volumes of water and gas produced with crude oil. In the event that the Department does not sell the Reserve by the end of FY 1989, a major facilities expansion, primarily in the areas of waterflood and steamflood activities, is envisioned for the future.

Exploration Drilling ($4,000,000) - This subcategory includes funding for the deepening of one Carneros/Phacoides well from 13,000 feet to 17,000 feet and the drilling of one Stevens stepout test well.

Naval Petroleum Reserve No. 3

The fiscal year 1989 budget request for Naval Petroleum Reserve No. 3 is $17,336,000 and includes funding for Operations and Maintenance ($14,279,000); and Development Drilling ($3,057,000).

NPR-3, Teapot Dome, located near Casper, Wyoming, produced an average of 3,100 barrels of oil per day, 10 million cubic feet per day of natural gas, and 14,000 gallons per day of liquid gas products in fiscal year 1987. Production is estimated to decline to 2,600 barrels per day in fiscal year 1988 and is expected to increase to 2,800 barrels per day, with steamflood expansion, in fiscal year 1989. All natural gas is reinjected for good reservoir management. Liquid gas products will remain level in fiscal years 1988 and 1989 at 12-13 thousand gallons per pay. Substantial cost saving measures have been and will continue to be implemented at NPR-3 in order to maintain a net positive cash flow to the Government.

This request includes funding for the continuance of normal oil field operations and maintenance activities; continued development drilling, with 4 Second Wall Creek infill wells, 30 Shannon infill wells in areas not amenable to enhanced oil recovery, and 10 Shale wells planned for fiscal year 1989. The request also includes funds for continued expansion of enhanced recovery processes in the Shannon reservoir initiated in fiscal year 1988. Expansion of an enhanced recovery steamflood pilot project will be initiated in fiscal year 1988 for the Shannon reservoir and continued in fiscal year 1989.

Naval Oil Shale Reserves (NOSRs)

The fiscal year 1989 budget request for the Naval Oil Shale Reserves is $200,000. This request is for funds to continue land management activities at all the NOSRs, and for mitigation of adverse environmental conditions arising from the spent shale pile at Anvil Points.

Program Direction

The Program Direction funding request will provide for the salaries, benefits, travel, and other related costs to support 95 full-time equivalent employees (FTE's) plus military personnel required to plan, develop, manage and monitor the execution of Naval Petroleum and Oil Shale Reserves activities. The budget request for this activity is $5,919,000.

This completes my formal statement, Mr. Chairman. I will be pleased to answer any questions you may have.

INTRODUCTION OF ASSOCIATES

Senator JOHNSTON. Please proceed and summarize your statement.

Mr. WAMPLER. Thank you, Mr. Chairman.

I have with me today at the table, to my right, my principal deputy Mr. Don Bauer; to my left, Mr. Richard Furiga, who is Deputy Assistant Secretary for Petroleum Reserves.

I will briefly summarize the formal statement, and I ask that the full statement be included.

FISCAL YEAR 1989 BUDGET REQUEST

The proposed petroleum reserves budget for fiscal year 1989 reflects an integrated strategy for both the naval petroleum reserves and the strategic petroleum reserve. The strategy involves both the budget request you have before you and the administration's proposed legislation to sell two of the naval petroleum reserve's oil fields, the Elk Hills and Teapot Dome fields.

Essentially, Mr. Chairman, we are proposing an asset exchange. Proceeds from the sale of the naval petroleum reserve, which we estimate to be from $3.4 billion to $4 billion, would be used to purchase oil for the strategic petroleum reserve and for a proposed 10 million barrel defense petroleum inventory.

We believe this integrated strategy makes sense from the perspective of energy security, from a management perspective, and from a budget perspective.

From the security standpoint, the strategic petroleum reserve is far superior to the naval petroleum reserve in its ability to supply large amounts of crude oil more quickly into a broader geographic region.

Our proposal would extend those benefits by creating a special oil storage set-aside specifically for the Defense Department.

We believe our approach makes sense from a managerial standpoint. In operating the naval petroleum reserve we are competing with private enterprise. There is no overwhelming public interest gained by our presence in the marketplace. A private sector owner could respond to new market and technological developments much more rapidly and efficiently than we can and could draw on the talents of a corporate structure devoted solely to the business of running an oil field.

Finally, Mr. Chairman, the approach makes sense from a budgetary perspective, since it gives us the resources to increase the strategic petroleum reserve fill rate to 100,000 barrels per day, double the rate that was approved by Congress last year.

The administration remains committed to achieving the goal of a 750 million barrel strategic petroleum reserve. Our proposed fiscal year 1989 budget request for the SPR is $507 million. This figure includes $173.4 million for the development, operation, and management of the reserve and $333.6 million for the acquisition and transportation of 50,000 barrels per day of crude oil.

Filling at 50,000 barrels a day would achieve a storage level of 572 million barrels by the end of fiscal year 1989 compared to the 554 million barrels we will have in storage by the end of this fiscal year.

Senator NICKLES. Could you give those figures again?

Mr. WAMPLER. 572 million barrels by the end of fiscal year 1989 compared to the 554 million barrels we would have in storage by the end of this fiscal year.

Senator NICKLES. What is your fill rate right now?

Mr. WAMPLER. The fill rate this year will be running at a rate somewhere in excess of 50,000 barrels. We had been filling at a rate substantially higher than that in the earlier part of the year. I can give you those exact figures.

Mr. Chairman, I am pleased to report that all necessary equipment and facilities for crude oil handling and leaching for the entire 750 million barrel reserve will be in place by the end of this fiscal year. No further budget requirements are necessary for phase 1, 2, or 3 construction. Phase 1 is complete. Phase 2 construction will be finished this year. Phase 3 surface construction at Big Hill and Bayou Choctaw will be funded at the end of fiscal year 1988.

We will have a total underground storage capacity of 600 million barrels. Solution mining at West Hackberry will be completed this fiscal year. Solution mining at Bayou Choctaw and Big Hill will continue on a schedule designed to achieve a full 750 million barrels of capacity by the end of fiscal year 1991.

We currently have the ability to distribute just over 3 million barrels of oil to commercial markets in the event of an oil emergency. Distribution enhancements in progress, begun in 1988, will boost that amount to 4 million barrels per day by the end of fiscal year 1989.

Further upgrading of drawdown capability at Bryan Mound proposed in our fiscal year 1989 budget will continue the progress toward the planned 4.5 million barrel per day distribution capability for the completed 750 million barrel reserve.

The naval petroleum reserves' budget request continues a business-as-usual approach. Until a final decision is made on divestiture, we will continue to produce the reserves at their maximum efficient rates.

The most recent presidential determination authorizing continued production extends until April 1991. Any amounts appropriated but not required as a result of the sales of Elk Hills and Teapot Dome would be proposed for rescission. I should point out, Mr. Chairman, that no activities at the naval petroleum reserves are being curtailed or reduced, in anticipation of a possible sale. Our fiscal year 1989 budget, for example, provides sufficient funds to drill 26 development wells along with water injection and enhanced oil recovery wells. It includes funding for exploratory drilling, environmental and safety compliance, and other facilities required for prudent field management.

In short, Mr. Chairman, the budget proposals we have made contain sufficient funding to continue building a formidable response capability in the event of an emergency as well as to maintain ongoing management of the naval petroleum and oil shale reserves.

This proposal would be significantly enhanced, however, if the Congress would adopt the administration's proposal to divest the commer-

cial oil field operation and convert its asset value into one that is more in the national interest.

That concludes my opening statement on the petroleum reserves budget. I will be pleased to answer any questions you and members of the subcommittee might have.

PROPOSED SALE OF THE NAVAL PETROLEUM RESERVES

Senator JOHNSTON. Thank you, Mr. Wampler.

Your Elk Hills proposal is interesting, but the way you have it set up for scoring, we get no credit for the sale of Elk Hills, but we would be scored for the appropriations on the fill rate, which means as a practical matter that we would end up selling Elk Hills but not filling the SPR.

Wouldn't you agree that would be the result?

Mr. WAMPLER. The impact, as I understand, the funding would affect the actual deficit in the beginning. It's true that the asset sales proceeds do not help the Gramm-Rudman-Hollings deficit scorekeeping.

I think, in light of the fact that the Office of Management and Budget has been committed to a request for advanced appropriation, the fill rate of 100,000 barrels a day is significant.

Senator JOHNSTON. As a practical matter you would end up without a fillup of the SPR if you got the first half and not the second half. That is, if you got to the sale of Elk Hills with no oil in SPR.

We really should have kept the old way we did it. An amendment which I passed some years ago, which was to take the SPR off budget, that is how we got the SPR filled. As long as you have it on budget, it has to compete with everything else and you're not going to get very much oil in it.

The idea of going up—what is it—less than 20 million barrels a year, how long would it take us to get 750 million? I mean, we go from 554 to 572 this year. How long does that take us to get there?

Mr. WAMPLER. If I could ask Mr. Furiga to answer that question.

What is that fill rate?

We have to calculate it. We have the information.

Senator JOHNSTON. I am advised it's 9½ years.

Mr. FURIGA. That's right.

STRATEGIC PETROLEUM RESERVE CAPACITY

Senator JOHNSTON. By the way, do you have any plans to go beyond the present facilities?

Mr. WAMPLER. The present capacity of 750 million barrels, we have no plans at this time to go beyond the 750 million barrels. It is an issue that we are constantly looking at in the administration.

Senator JOHNSTON. You are looking at options?

Mr. WAMPLER. Yes, Mr. Chairman, we are.

Senator JOHNSTON. Where are the potential SPR sites?

Mr. WAMPLER. We haven't identified potential sites. We have some additional capacity in existing sites. But we have not gone into the detail of identifying all of the potential sites at this time.

Senator JOHNSTON. Has any more work been done on the distribution plan?

Mr. WAMPLER. The current plan we have is in effect, and we are not currently working on that.

Senator JOHNSTON. That's to put it up for bids?

Mr. FURIGA. That's correct, Mr. Chairman.

Senator JOHNSTON. How would that work?

Mr. WAMPLER. Let me ask Mr. Furiga to give us the details on that.

DRAWDOWN OF THE STRATEGIC PETROLEUM RESERVE

Mr. FURIGA. Once a drawdown is declared by the President, the oil that is determined to be drawn down, whatever that rate is today would be offered on a competitive bid basis. Industry would bid on that oil, and it would be awarded to the highest responsible bidder. Then industry arranges for the transportation of our supporting marine terminals and pipelines to the refiners.

Senator JOHNSTON. Step one is to decide on a rate which the Department decides and the administration decides with or without input from industry.

Mr. FURIGA. It would be based on whatever the supply interruption was, a severe or almost complete cutoff or a smaller cutoff. We may not have to do our maximum drawing down. Mr. Wampler said that would be 4.5 million barrels a day, maybe somewhat smaller. We may not want to drawdown sweet crude and sour crude at the same time. The drawdown might be just sour crude. Once that rate is determined, we would structure our sales to go out to industry for companies to bid on. We would see the bids and evaluate them and, as I say, award it to the highest responsible bidder.

Senator JOHNSTON. What is that criterion? Does the President make that finding?

Mr. FURIGA. The law requires the President to make that determination that there has been a severe supply interruption.

Senator JOHNSTON. That is more than just a runup in price? That would be an actual interruption?

Mr. FURIGA. The wording is "supply interruption."

Senator BUMPERS. Would you just yield for 1 minute on that point?

At what rate can it be drawn down once the President makes that declaration?

Mr. WAMPLER. Right now the current drawdown capability is about 3.6 million barrels per day. But the distribution capability is only about 3 million barrels per day. I think a point that's important to make if you're looking at supply interruptions in the Persian Gulf, is you're looking at roughly 1 million barrels a day. So, you can certainly drawdown three times that rate.

Senator BUMPERS. Who has the authority to say at what rate we will be drawing down?

Mr. WAMPLER. The President has the authority.

Senator BUMPERS. So, he could say 1 million barrels or 2 million, anything roughly under the 3 million barrels he can declare?

Mr. WAMPLER. He can declare up to the 3 million barrels in terms of the full physical capability of drawdown.

Senator BUMPERS. So, he effectively decides the severity of the interruption, is that right?

Mr. WAMPLER. That's correct.

Senator BUMPERS. Thank you.

PROPOSED SALE OF ELK HILLS

Senator JOHNSTON. My main problem with the sale of Elk Hills is that we would be selling it at the bottom of the market. No one expects—when I say no one expects oil to go down—we don't expect it to go down very far from where it is. We are going to stay dependent on oil.

But I would say that most everyone I know would expect the price of oil in the next 3 to 4 years to be substantially higher than it is at present, and wouldn't that make a corresponding difference in the price that you could sell Elk Hills for?

Mr. WAMPLER. Mr. Chairman, the advice of our investment banker has been that since people tend to buy oil futures instead of oil at existing prices, somewhat mitigates that concern.

It's true we are in a severe price bind. We might be in the situation that you'd get more for the reserve, but that's impossible to predict.

If you look at the steadily escalating prices according to the price forecasts, you are looking at a situation in which oil companies will be buying future oil prices rather than the prices that exist at the moment.

Senator JOHNSTON. I understand that the companies, the prospective bidders, are pretty well in a cash-poor situation. Can you tell us about that?

Mr. WAMPLER. Again, based on the advice of our investment banker, they feel that the market is strong for this kind of sale because of the way the sale is structured. Their advice is to structure the sale, selling around 40 percent ownership to a single buyer and reserving smaller increments for sale to many buyers in order to maximize the cash that you'd get from it. They feel there is certainly sufficient investment money out there to do it.

Senator JOHNSTON. It seems to me the time is not very good to be selling. I hear what you're saying about that. And I hear what the investment bankers are saying. But 3 or 4 years ago the price was at $25 and going up.

The price of Elk Hills has got to be substantially increased. It seems to me that the downside risk is very little, and all we're doing by selling it is sort of having an artificial increase in the amount of receipts. Those are assets that are going to be there anyway.

Since the majority of the NPR sales receipts would not be needed in fiscal year 1989 and since the deferred payment schedule would benefit the needs of the SPR over the next few years while possibly making the NPR at first more attractive to potential bidders, why are we planning

to collect nearly all of the NPR receipts—that is, $3.2 billion of the $3.5 billion—why are we planning to collect all of those in fiscal year 1989?

Mr. WAMPLER. You do that, it seems to me, for the reason of having some immediate impact on real deficit, not just on the target. Plus, you also have to realize, when you look at the sell-hold analysis, the sell versus hold benefits, the amount of Federal taxes that you are collecting over the long term is certainly intended to have some impact on this deficit. By getting the money up front, you have a major one-time effect on the Federal debt.

Senator JOHNSTON. Where would the sale have to be authorized? Are you asking that it be done in an appropriation bill or an authorization bill?

DIVESTITURE OF NAVAL PETROLEUM RESERVES NO. 1 AND NO. 3

Mr. WAMPLER. We have submitted or we are prepared to submit a bill, an authorization bill, to divest the Naval Petroleum Reserves No. 1 and No. 3. The bill has not been introduced yet. We expect it will be introduced shortly.

Senator JOHNSTON. I remain very skeptical about that timing. I think the case is a pretty good one to say that if you are going to have a reserve, it ought to be a ready reserve like the SPR rather than just oil in the ground.

But the timing, it seems to me, continues to be very inappropriate.

Mr. WAMPLER. Mr. Chairman, if I might make one point. If you look at the way buyers buy reserve properties, they buy it based almost totally on their expectations of long-term prices, not short-term prices. And while it's very true, and I agree with you, that if we get into a situation like we did in 1973 where you have that dramatic price increase because of supply, we would have guessed wrong.

If you don't get into that situation, I think if you look at the steadily escalating oil price that we have all projected will occur, then it makes very little difference at what point in time you sell the reserve.

You have to remember that the naval petroleum reserves are mature oil fields that are being pumped, and the reserves are going down annually. So, it's a matter of timing.

So, I think we can make a prudent case.

Senator JOHNSTON. But every year we delay, we get a higher price coming out of the ground than we would selling it in the ground.

Mr. WAMPLER. But you also have less oil to sell every year that you wait. So, it equalizes itself over a period of time where you are looking at a steady progression waiting for a turnup in oil prices.

Senator JOHNSTON. If what you are saying is correct, that the companies buy oil reserves based on prices to come, they ought to be out there drilling now. If what we say is correct, then prices are going to go up. They ought to be drilling, but drilling is at an all-time low. Why is that?

Mr. WAMPLER. There is a difference in exploration and buying and operating an oil field. We have some reserves in the ground, and you

have calculated operating costs that you know are pretty much separate costs and are very predictable. So, it's a different financial game.

Senator JOHNSTON. The point ought to be the same. It should be more variable from the drilling, but they discount all those other variables. In the old days, when the price was high, they would drill more wells. Now that the price is low, they are not drilling wells. The other variables are the same.

Well, you get the point that I was making.

Senator Nickles?

COST OF THE STRATEGIC PETROLEUM RESERVE

Senator NICKLES. Mr. Chairman, thank you very much.

A couple of questions dealing with the SPR. We have $173 million for the reserve account.

Mr. WAMPLER. That's facilities.

Senator NICKLES. That's for the facilities? That seemed like an enormous amount of money for the facilities. How much have you been doing on an annual basis?

Mr. WAMPLER. It's been pretty constant, Senator Nickles, but it's been going down slightly.

Senator NICKLES. It says $213 million last year. But I find these figures to be astronomical. It's just about $10 a barrel.

Mr. WAMPLER. Those costs are pretty constant, Senator Nickles.

Senator NICKLES. For 1988 it was $213 million.

Mr. WAMPLER. They are declining now as we develop and get more nearly finished with these phase 1 and phase 2 constructions. That is simply the costs attached to infrastructure.

Senator NICKLES. Could you tell me—you will probably have to supply this—but what is the total amount of money we have spent in preparing these storage facilities?

Mr. WAMPLER. It's around $3 billion. But we can get you for the record a breakout of exactly what that was spent for.

[The information follows:]

ANNUAL OUTLAYS FOR SPR FACILITIES DEVELOPMENT AND OIL ACQUISITION

[In millions of dollars]

Fiscal year	Facilities development[1]	Oil acquisition	Total
1976	3.0		3.0
1977	117.8	4.2	122.0
1978	203.8	751.7	955.5
1979	480.8	542.5	1,023.3
1980	311.7	20.5	332.2
1981	281.7	3,541.3	3,823.0
1982	181.8	3,686.7	3,868.5
1983	215.0	1,640.4	1,855.4
1984	188.9	2,328.8	2,517.7

See footnote at end of table

ANNUAL OUTLAYS FOR SPR FACILITIES DEVELOPMENT AND OIL ACQUISITION—Con.

[In millions of dollars]

Fiscal year	Facilities development[1]	Oil acquisition	Total
1985	212.5	1,620.7	1,833.2
1986	194.4	397.4	591.8
1987	291.8	489.9	781.7
Total	2,683.2	15,024.1	17,707.3

[1] Includes program management.

COST OF THE STRATEGIC PETROLEUM RESERVE

Senator NICKLES. How much money do we have in to date for the total amount of money that we spent for SPR before the oil?

Mr. WAMPLER. Around $15 billion of that.

Senator NICKLES. So, about $3 billion to prepare the sites and storage, and $15 billion for the oil. You're putting in right now about $330 million for oil this year. That's in your budget for 1989? For 1988 what is it?

Mr. WAMPLER. $438 million.

STRATEGIC PETROLEUM RESERVE FILL RATE

Senator NICKLES. So, for 1988 you're on a fill rate of what?

Mr. WAMPLER. 50,000 barrels a day for 1988.

Senator NICKLES. What was it going to be for 1989?

Mr. WAMPLER. We had proposed 50,000 barrels per day or 100,000 barrels per day if we divested the naval petroleum reserve.

Senator NICKLES. But if you don't and you only get the $333 million, that would be for how much?

Mr. WAMPLER. That would be for a 50,000 barrel per day fill rate.

Senator NICKLES. I don't see the difference. Are you assuming that much difference in price?

Mr. WAMPLER. This does bear explaining. We make advanced purchases of SPR oil. We can furnish you a detailed explanation of the budget, or I can ask Rick Furiga to give you that here today, whichever you prefer.

Senator NICKLES. I don't see that much difference in the price, and yet last year or this year for 1988 you're talking about $400-and-some-odd million and for 1989 you're talking about $333 million.

Mr. FURIGA. Sir, in the 1988 budget we received budget authority of over $400 million, as you say. Congress put an outlay cap on us of $256.5 million. So, the difference between the outlay cap and our budget authority we are carrying over into fiscal year 1989 and it's being added to that $333 million.

There are also different price assumptions for those 2 years, and you go through the gymnastics of those numbers and the carryover, they both do 50,000 barrels a day. We aren't using dramatically different oil prices for those 2 years.

Senator NICKLES. Well, the budget committee starts markup at 3:30, and the SPR is one of the items in dispute. So, that's one of the reasons why I am here.

NAVAL PETROLEUM RESERVES PRODUCTION

A couple of other quick questions. How much oil production do we get out of Elk Hills or Teapot right now?

Mr. WAMPLER. Around 110,000 barrels per day.

Senator NICKLES. So, on a per-year basis that is how much? What is the annual value of the oil that we get out of both?

Mr. WAMPLER. The 110,000 barrels is both the Government's share and Chevron's share. It's basically an 80–20 share.

Senator NICKLES. Chevron gets 20 percent?

Mr. WAMPLER. They get 20 percent of the oil production. It's a unit contract. So, the 110,000 barrels per day is not all U.S. Government oil. It brings it to around $700 million.

Senator NICKLES. $700 million?

Mr. WAMPLER. At this point in time.

Senator NICKLES. There have been some real complaints on the fiscal management of the Government. They are selling that oil too cheap or below market.

Mr. WAMPLER. There have been in the past, and as a consequence, a piece of legislation was passed that sets a criterion for the price that the Government receives for the oil, and that has been in place for probably 2 years, a year and a half. I am not aware of any complaints since then.

Senator NICKLES. I am not either.

Right now you expect the Government to net out $700 million from operation?

Mr. WAMPLER. Around $700 million gross revenue.

Senator NICKLES. Could you give us a forecast on what those revenues would be? I guess you have to assume $18 oil or something. But at some price scenario, what are the production flows that you would expect, so that those of us who are trying to decide whether we want to try to sell it or not would have that information?

Mr. WAMPLER. Certainly, we can furnish the marketing plan that Shearson-Lehman has put together for us and includes that information. So, we would be happy to submit that for the record.

[The information follows:]

MARKETING PLAN UPDATE
NAVAL PETROLEUM RESERVES 1 AND 3

Department of Energy
February 10, 1988

I. EXECUTIVE SUMMARY

Overview

Shearson Lehman has been requested by The Department of Energy ("DOE") to provide an update of our report, Marketing Plan for Naval Petroleum Reserves 1 and 3, which was presented on May 8, 1987. The purpose of this update is to provide Shearson Lehman's current views as to the valuation and marketing strategies for the NPRs. Although the methodology used in our Marketing Plan remains valid, changes in numerous factors require re-evaluation and review of the recommended approach.

In general, the market for oil and gas properties among all industry buyers remains strong, although the stock market decline has made a public offering of NPRs in corporate form undesirable, and has reduced the size of a publicly traded limited partnership/royalty trust that could be offered successfully. Despite these changes, the basic analysis contained in our earlier report regarding the oil and gas industry and the viability of this sale remains valid. For our multi-market sales approach on NPR-1 we recommend that the size of the royalty trust be reduced, and that the size of the operator interest and fractional interest be increased. We estimate that the proceeds from the sale would range from $3.4 to $4.0 billion, depending on the reserve estimates. We have not prepared an updated valuation of NPR-3. Our recommendation remains that this field should be sold separately.

These changes demonstrate that volatile market conditions can alter the optimal structure of this sale. Just as conditions have changed since we presented our first report, conditions probably will change again before any sale is completed. Therefore, it is important that the greatest possible flexibility be provided in terms of the method, timing and manner in which the NPRs are sold.

Investment Banking Conclusions

Our primary conclusions based on the economic, financial, and energy environment which exists today are presented below:

Discussion of the Marketplace

1. The market for oil and gas properties among industry buyers (both domestic and foreign) remains very strong. In 1987, there were 200% more property acquisition transactions in the U.S. than in 1986. The $4.5 billion proposed acquisition in the U.K. of Britoil plc by British Petroleum indicates that this level of buying interest is likely to continue in 1988.

2. The public market for oil and gas stock equities has been significantly affected by the stock market crash of October 19. The impact is best illustrated by the experiences of three significant initial public offerings for exploration and production companies which were announced in late summer and early fall. Of the three, one was reduced significantly in both price and number of shares offered. The other two offerings were withdrawn because of the deterioration in market conditions. Due to these changes in the equity market, along with other issues outlined in our earlier report, we continue to believe that restructuring Elk Hills as a public corporation with a subsequent sale of common shares in the public

market would not maximize the proceeds and, in fact, would not be feasible in today's market.

3. The market for publicly traded limited partnerships/ royalty trusts has also been impacted by the stock market decline. The required yields are higher (i.e. prices are lower), but more importantly, investors seek more assurance of a stable cash distribution in the uncertain market environment. This is generally provided in publicly traded limited partnerships by support mechanisms such as guarantees or subordination by the general partner. Without such a support mechanism provided by the Federal Government, we estimate the largest size offering to be $500 million based on today's market conditions. This compares with our estimate as of the beginning of May, 1987 of $1.0–1.5 billion.

Valuation in Industry Sale

1. To update our valuation, we have used the following parameters:

   - A sale date of September 30, 1989. Our previous report had used a date of September 30, 1988.

   - The two production forecasts used in the previous report, adjusted to reflect the different sale dates.

   - A revised pricing schedule which reflects current expectations based on an updated summary survey. Oil, gas and NGL price schedules are slightly lower than in the previous report.

   - An after-tax discount rate of 11.0% to 12.0% which is lower than the 11.5% to 12.5% range used previously. The numbers presented below are based on an 11.50% discount rate.

2. Based on the parameters discussed above, we estimate that a sale to an industry buyer(s) would yield $3.9 billion based on the Long Range Plan production schedule and $3.3 million based on the Babson and Sheppard production schedule.

Marketing Plan

1. Based on current conditions, if a sale were initiated today, we would suggest the following modifications to our multi-market strategy for immediate divestiture:

   - Increase the operator interest to 35–40% from the 30–40% in our prior report.

   - Increase the size of the fractional interest tranche to 50–55% from the 30–40% previously recommended.

   - Decrease the size of the royalty trust to 10% from the 20–30% in our prior report.

   We would continue to recommend a separate sale of the deep rights on the bonus bidding approach discussed in our original plan.

2. Based on this marketing plan, the estimated proceeds to the Government are $3.4 to $4.0 billion depending on the

reserve estimates. This compares with $3.7 to $4.3 billion contained in our previous report. The principal net difference is that the incremental proceeds provided by the royalty trust offering have been substantially reduced.

II. CHANGES IN THE MARKETPLACE

Industry Marketplace

The buying interest for oil and gas properties continues to be very strong and, on balance, can be characterized as somewhat stronger than when we prepared our earlier report. An indication of this strength is that there were approximately 200% more acquisitions of oil and gas properties in 1987 than in 1986. As of this date, there has been no visible impact on this property market from the stock market collapse of October 19. However, it would not be unreasonable to hypothesize that the lower stock prices of oil and gas companies will create a competing source of supply to acquisitions of significant oil and gas properties. The proposed $4.5 billion acquisition by British Petroleum of Britoil plc is an illustration of such a corporate acquisition. For the different types of property buyers, we would offer the following observations as to their current motivations in acquiring producing properties:

Domestic Oil Companies

Their continuing interest in producing property acquisitions is based on:

- continued concerns over liquidation through lack of reserve replacement;
- a lack of sufficient economically attractive exploratory prospects in the U.S. at current prices; and
- a focus on their core oil and gas businesses due to a lack of success in diversification in the late 1970s and early 1980s.

Foreign Oil Company Buyers

These buyers continue to be very interested in property acquisitions because:

- the further weakening in the dollar has made dollar-denominated oil assets attractive. It should be understood that this applies to all oil reserves around the world, not just those in the U.S.
- the Japanese government is considering tax incentives for Japanese companies to acquire overseas reserves.

Financial Buyers

There would probably be a lower level of interest today from financial buyers such as leveraged buyout firms because of the stock market crash. Further, the weakness in oil prices in December would cause financial buyers to consider that there is substantial commodity price risk.

In the California marketplace, there was one significant transaction since our earlier report. Exxon acquired Celeron Oil & Gas from Goodyear in a $650 million transaction announced in August 1988. The acquired reserves were primarily heavy oil reserves. The purchase price equated to $4.84 per barrel of oil equivalent (10:1 gas-to-oil equivalency) based on publicly reported proved reserves. Based on the continuing dialogue with industry participants in the normal course of our business, we know that companies continue to be very interested in acquisitions of producing properties in California.

Public Marketplace

In contrast with the industry marketplace, the public marketplace has (not surprisingly) been significantly affected by the stock market collapse of October 19. This change in the public market is important, because as noted in our earlier report, "the current market valuations of publicly traded energy companies are at historically high levels and, in some cases, exceed the acquisition prices being paid by industry buyers for producing properties." One measure of the change which has occurred is measured by the performance of public companies as shown below (with May 1 as 100):

Index of	May 1, 1987	Pre-Crash High (August 3, 1987)	Post-Crash Low	February 4, 1988
Integrated Oil Companies	100	113.7	75.6	89.0
Independent Oil Companies	100	114.7	71.2	83.8

The experience of oil and gas initial public offerings attempted in 1987 (which occurred subsequent to our initial report) also illustrates the change which has occurred in the market and is particularly relevant to a potential public offering of the NPRs. There were three significant IPOs announced for exploration and production companies in 1987 which are discussed below.

Union Texas Petroleum

It was originally filed at a range of $19 to $22 per share for 29 million shares on August 4, 1987. It was finally priced at $14 per share for 14 million shares on September 23. Subsequent to the market crash, it traded as low as $5.75 before rising to trade at $10.375 on February 5, 1988.

Enron Oil and Gas

The preliminary filing was for an approximately $275 million offering on September 4, 1987. The offering was withdrawn subsequent to the market crash.

Santa Fe Energy Resources

A $250 million offering had been publicly announced and SEC filing documents were being prepared prior to the crash. It was indefinitely postponed after the crash.

In our earlier report, we recommended a royalty trust as a portion of our "multi-market" approach to maximizing competition and sale proceeds. Royalty trusts have performed better than the stocks as is shown below (in $/share):

	May 1, 1987	August 3, 1987	Post-Crash Low	February 5, 1988
Permian Basin	$ 6.25	$ 8.00	$ 5.125	$ 6.00
Sabine	12.875	14.00	10.00	11.75
San Juan Basin (1)	7.25	9.125	7.00	8.00

(1) The San Juan Basin Trust has performed better because it is predominantly gas reserves which have benefitted from higher gas prices.

There have been no public offerings of royalty trusts since the date of our report. However, there have been public offerings of non-oil and gas publicly traded limited partnerships, both subsequent to our report and subsequent to the market crash. Our

experience in these offerings indicates that there is a better market for offerings of limited partnership interests (or royalty trusts) than for corporate offerings. However, almost all the offerings have involved a support mechanism by which the general partner has provided assurance of a minimum level of payout for a period of 3 to 5 years through either a guarantee or subordination.

The reason for the superior performance of royalty trusts/publicly traded limited partnerships versus stocks in both the trading and new issue markets is that these vehicles are perceived in the current uncertain stock market environment as high yielding, defensive investments.

Our assessment of the required yields and sizes that would be achievable are presented below. The applicable support mechanism would be for the Government to guarantee the distribution level for 5 years.

	No Support		Support	
	LRP	B&S	LRP	B&S
Pretax Cash Yield	12.5–13.0%	13.0–13.5%	10.5–11.0%	11.0–11.5%
FY 1989 Distributable Cash Flow ($ millions)	$598.2	$581.6	$598.2	$581.6
Implied Valuation for 100% Interest ($ billions)	$4.6–4.7	$4.3–4.5	$5.4–5.7(1)	$5.1–5.3(1)
Potential Offering Size ($ billions)	$0.5	$0.5	$1.0–1.5	$1.0–1.5
Percentage of total represented by offering size	10.6–10.9%	11.1–11.6%	17.5–27.8%	18.9–29.4%

(1) Does not consider the potential cost to the Government of guarantees.

There are two important differences from our earlier report. The required yield as of today is estimated to be higher by 1% in all cases. This reflects the changes in this specific market. The other difference is that the size which can be done on a non-supported basis has declined to $500 million. This reflects both the general decline in the offering size achievable in the new issue market and the investors' desire for a support mechanism to assure the yield in the current volatile market.

III. VALUATION IN INDUSTRY SALE

Parameters

In updating our valuation we have made the following changes in the parameters used in the discounted cash flow analysis.

Sales Date

Per request of the DOE, we have estimated the proceeds which would be achieved upon a sales date of September 30, 1989.

Production Schedule

The schedule of oil and gas production is unchanged from our May 8, 1987 report, at which time we presented valuations based on the DOE's Long Range Plan and the Babson and

Sheppard production schedules. We understand that the DOE has recently contracted with Bergeson & Associates to provide a new reserve report by July 1988.

Pricing Scenarios

We have recently surveyed selected oil companies, petroleum consultants, securities analysts and econometric firms to obtain their oil price forecasts. Based on these forecasts, especially weighting the forecasts of petroleum consultants, and our experience in property transactions in 1987, the following price scenario for West Texas Intermediate represents a typical private sector industry buyer's forecast. We have used the DOE regression analysis to obtain Stevens and Shallow Oil Zone pricing scenarios from the West Texas Intermediate forecast.

Calendar Years	WTI ($/Bbl)	Fiscal Year	Stevens Oil ($/Bbl)	SOZ Oil ($/Bbl)
1988	$18.00	1988	$16.23	$15.16
1989	19.50	1989	17.08	16.13
1990	21.50	1990	18.73	17.78
1991	23.50	1991	20.49	19.54
1992	24.91	1992	21.86	20.91
& thereafter	+ 6% p.a.		+ 6% p.a.	+ 6% p.a.

The gas pricing methodology we are using is unchanged from the May 8, 1987 report. At that time we portrayed an aggressive Texas spot price scenario for the next three years and a 10:1 parity with our new oil price forecasts after 1990. The strength of spot gas prices seen in December and January supports the price forecast in our earlier report. Although there is some indication that several industry buyers are moving toward forecasting an 8:1 parity, the industry consensus is still 10:1. The NPR-1 price is based on Texas spot prices plus 45¢ per MMBTU for transportation to the California border and is restated to Mcf based on a BTU content of 1,135 BTU per cubic foot of gas. Our gas pricing scenario is reiterated below:

Calendar Years	Texas Spot Gas ($/MMBTU)	Fiscal Year	NPR-1 Gas ($/Mcf)
1988	$1.70	1988	$2.41
1989	1.92	1989	$2.63
1990	2.18	1990	$2.91
1991	1/10 of WTI oil	1991	$3.13

The natural gas liquids market was very weak in 1987. The relationship between average NGL prices and Stevens zone oil over the past five years (including 1987) indicates a median relationship of 48.7X ($/barrel of Stevens oil to $/gal of NGLs). We have used this as indicative of the longer term relationship in prices, although the current NGL prices are lower.

Discount Rates

Based on our discussions with industry buyers and sellers and our experience with specific property transactions, we have seen a lowering in the discount rate being used in transactions. This reflects that interest rates are somewhat

lower than at the date of our earlier report and also reflects that the buying interest is stronger for producing properties. We believe that the appropriate discount rate is 11–12% today. We have also updated our Capital Asset pricing model analysis. The results of that exercise support our analysis with a cost of capital for comparables varying from approximately 11.3 to 12.0% based on the debt varying from 30% to 50% of capitalization.

Estimated Proceeds

Based on the current valuation parameters discussed above and not considering public policy constraints which might be placed on the sale, we estimate that a sale to an industry buyer(s) could achieve proceeds as shown below:

Estimated Sales Price at September 30, 1989
($ billions)

Discount Rates	10.0%	11.0%	11.5%	12.0%	15.0%
Production Schedule					
Babson and Sheppard	$3.60	$3.41	$3.31	$3.23	$2.79
Long Range Plan	4.31	4.04	3.92	3.80	3.23

IV. MARKETING PLAN

Based on our analysis of the current market conditions, we would recommend the following approach for the sale of Elk Hills which represents a modification of our earlier recommendations.

- A sale of a 35% to 40% interest to a single buyer who would initially be operator of the field.
- A subsequent sealed bid auction of 50% to 55% on a fractional interest basis.
- A royalty trust offering for a 10% interest.
- A separate sale of the deep rights, per our original proposal.

The rationale for the change from our earlier recommendation is as follows:

Reduction in Size of the Royalty Trust

This reflects our assessment that the maximum size which can be done without government support is approximately $500 million. This size provides an incremental benefit of approximately $70–100 million over a sale to the industry buyer. This benefit is before consideration of issuance cost in an underwritten offering which might be approximately 5% of gross proceeds.

Increase in Size of Fractional Interest Component

In reallocating the portion by which the royalty trust is reduced, we have chosen to increase primarily the fractional interest part. This is done to maintain the operator interest at a more manageable size for a number of oil companies. We believe this will increase competition as was discussed in our earlier report. The current competition for the acquisition of

Britoil supports our analysis. Arco spent approximately $850 million to accumulate its position in Britoil (and was prepared to contribute properties to obtain a 49% equity position) but was not prepared to be a part of a $4–5 billion bidding contest for control of 100% of Britoil. We would suggest that there is an analogy to be made to the Elk Hills situation. A number of oil companies may be prepared to make the $1.2–1.6 billion commitment required to buy the operator interest, but may not be prepared to spend $3.3–3.9 billion to buy 100% interest in a single field.

The changes in our marketing plan are in response to changes in the marketplace. The volatility of the market place demonstrates the benefits of maintaining flexibility in the "multi-market" approach. For example, our current analysis indicates that the value enhancement of a royalty trust component has been significantly reduced because of both the size and the pricing which can be achieved in today's public market. If flexibility to make structuring decisions is maintained, an assessment may be made after the bids for the operator interest are received as to whether there are incremental proceeds in a royalty trust offering over what industry buyers would pay based on the market conditions at the time.

NAVAL PETROLEUM RESERVE PRODUCTION REVENUES

Senator NICKLES. I wasn't so much interested in the marketing plan, although it sounded kind of interesting. I was thinking what would the revenues be if we didn't sell it, if we continued operation. I am interested in this idea of possibly the private sector being able to maximize the revenues from the operation of the field, but I am also looking—you estimate the proceeds to be $3.5 billion?

Mr. WAMPLER. $3.5 billion is the number we have used for the budget. It could go to $4 billion. We are estimating a range of $3.4 billion to $4 billion.

Senator NICKLES. $3.4 billion to $4 billion, and the $700 million has been fairly constant because of the oil price change? Has the production been fairly constant?

Mr. WAMPLER. The production is declining. It's a mature oil field.

Senator NICKLES. How rapid?

Mr. WAMPLER. It's a gradual decline. With that profile, it's a sell-hold analysis that the department did. We can furnish a profile of declining production for you, and also revenue projections.

[The information follows:]

ESTIMATED NAVAL PETROLEUM RESERVES REVENUES AND PRODUCTION

[Amounts in millions]

	Fiscal year—					
	1988	1989	1990	1991	1992	1993
Gross revenues:						
NPR–1	$736	$738	$755	$773	$809	$784
NPR–3	20	21	24	23	23	22
Total	756	759	779	796	832	806

ESTIMATED NAVAL PETROLEUM RESERVES REVENUES AND PRODUCTION—Continued

[Amounts in millions]

	Fiscal year—					
	1988	1989	1990	1991	1992	1993
Production (barrels):						
NPR–1:						
Gross production	$39.6	$39.9	$38.6	$37.9	$37.9	$34.6
Government share	31.0	31.3	30.3	29.7	29.6	27.0
NPR–3	1.0	1.0	1.1	1.0	1.0	0.9
Total (barrels):						
Gross production	40.6	40.9	39.7	38.9	38.9	35.5
Government share	32.0	32.3	31.4	30.7	30.6	27.9

COMPARISON OF SALE REVENUE VS. PRODUCTION REVENUES

Senator NICKLES. We need that information pretty quickly, Mr. Chairman. In the Budget Committee we are looking at both the sale and the fill rate for the SPR. I think those decisions are going to be made very quickly.

Mr. WAMPLER. To maybe get to the bottom line of your question, in the Department's analysis of sell versus hold, if you count local and State taxes, you come out with what approaches a $300 million positive to sell versus hold for the public interest. If you don't count State and local taxes, it comes up somewhat less on the positive side.

Senator NICKLES. That is also factoring in interest?

Mr. WAMPLER. That kind of thing, and it's looking at levelized dollars.

Senator NICKLES. That's all I have, Mr. Chairman.

Thank you.

BIG HILL AWARD

Senator JOHNSTON. Mr. Wampler, I understand you just got an award recently on the Big Hill facilities. Could you tell us about that? I am particularly interested because the costs came in at less than one-half the original projections. That has got to be very unusual.

Mr. WAMPLER. We are pretty proud of that.

Realistically, you have to look at the unfortunate state of some of the people who were involved in construction in the petroleum industry found themselves. I think it's a combination of that, and certainly I would like to say good management made it come in at less than one-half. The site did receive an award. We are very proud of that.

I guess it's now in the category of the Voyager, perhaps, which is another engineering feat that was given an award. So, we are very proud of that.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSTON. I have some further questions that I will submit in writing.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Expansion of Strategic Petroleum Reserve

Question: Since planning usually precedes construction by one or more years and given that all major storage facilities construction (except leaching) will be completed in FY 1989, if the Reserve is going to be expanded, wouldn't it be logical to begin planning in FY 1989 for the next storage increment after Big Hill?

Answer: The matter of expansion is under constant and continuing consideration. All factors important to this planning merit new consideration and review. Among the factors that must be addressed are projected levels and patterns of oil imports, domestic refining trends, drawdown and distribution considerations, expansion of existing sites versus new site development options, and trends in petroleum consumption.

Question: What other potential SPR storage sites have been identified?

Answer: No specific sites have been selected; however, during the past decade various sites and alternatives have been suggested to the Department formally or informally. Specifically some current sites are potentials for expansion, and new candidates are also options. A new review, addressing physical and environmental aspects, is needed for any specific identification.

Question: What are the sizes and the projected per barrel storage construction costs for these potential sites?

Answer: The total universe of possibilities for sites and associated costs vary greatly. It is anticipated that some current sites with potential expansion capability would permit expansion at a cost less than that of new sites. Precise estimates of size and cost would be somewhat more speculative until a reexamination was completed that updated physical, environmental and construction considerations.

Question: What site selection criteria have been employed in the evaluation of these sites?

Answer: Since potential specific sites would not be selected until a planning reexamination is complete, it is too speculative to identify specific site selection criteria. However, the factors found most important in the new planning reexamination as well as typical construction factors would be those most likely used.

Question: Is the Department in the position to make site selections within the next three months if a decision to expand the SPR were made? If not, why not?

Answer: The Department believes a new examination and review would be the most prudent course of action to determine whether any site expansion is needed and, if so, which sites are most acceptable. Such effort would require considerably more than 3 months to complete. In addition, the Energy Policy and Conservation Act provides for submission to Congress of a Strategic Petroleum Reserve plan amendment unless this requirement is waived by the Congress. In addition, environmental assessments would be required concerning expansion. These two matters also could impact the pace of proceeding with a review.

Capital Improvements Program (CIP)

Question: It is my understanding that there is a list of about 100 capital improvement projects - some big, some small - which are needed in order to make the various sites more secure, more safe and more operationally reliable. What is the estimated total cost of these CIP projects and what percentage of this total is the Department of Energy planning to accomplish from FY89 funds?

Answer: The Capital Improvements Program (CIP) is a continuing effort involving small construction projects that address newly identified requirements. At the present time, priority projects are those required to bring existing SPR sites, which were designed and constructed in the late 1970s and early 1980s, up to the most current Department of Energy safety, fire protection, and security standards. Other projects are intended to effect the necessary improvements to or replacement of equipment and facilities which have deteriorated or become outmoded over the past ten years. A number of individual CIP projects are planned each year at an average annual cost of approximately $20 million through FY 1989. While the requirement for a long-term Capital Improvements Program has been identified through a list of candidate items, specific requirements beyond FY 1989 have not yet been established.

Question: Would it not be wise to speed up this Capital Improvements Program to about twice the rate at which it is now being done?

Answer: The entire CIP program is managed in a way to provide maximum flexibility in implementation, while being responsive to changing requirements. It is also planned so that the amount of construction activities at any given SPR site is kept at a manageable level to preclude any impact on site fill and capacity development operations and security. Therefore, accelerating the CIP program would not be desirable.

Question: If there is no other way to find more capital improvements money, might not some of this high-priority work involving safety, security, fire prevention and working efficiency be speeded up by transferring a few million dollars from the operating funds account into the CIP account? If not, why not?

Answer: As stated above, we do not believe that increasing the pace of capital improvements at SPR sites is either necessary or desirable. The proposed pace is considered both manageable and effective in terms of satisfying the requirements for facilities enhancements as they are needed. We believe that the proposed level of funding in each category to be proper in terms of applying resources where and at levels needed to effectively implement the SPR program requirements.

Increased Fill Rate for Strategic Petroleum Reserve

Question: If the increased fill of the SPR is so important that the NPR sales receipts would be dedicated for this purpose, then shouldn't we begin filling the SPR at this higher rate no matter whether the Naval Petroleum Reserves are sold or not?

Answer: It is very important to increase the fill rate of the SPR; however, it is also very important to deal with the deficit. We have submitted proposals attempting to achieve both. Subsequent to the completion of the Energy Security Study in FY 1988, the Administration

amended its request to achieve a fill rate of 100,000 barrels per day using the anticipated proceeds from the Great Plains Gasification Plant divestiture as an offset. The Congress did not accept that proposal. On a broader front, however, the Administration and Congress achieved agreements through last year's Budget Summit Agreement of national value, but a higher fill rate was not a result of that agreement. For FY 1989, the Administration is proposing to achieve a fill rate of 100,000 barrels per day using the anticipated Naval Petroleum Reserves divestiture as an offset. Accordingly, we do believe it is very important to increase the fill rate of the SPR and have attempted to identify a solution to achieving that objective that also recognizes explicitly the deficit concern.

Question: We are presently filling the SPR at only about 50,000 barrels per day. Shouldn't we be filling at 100,000 to 125,000 barrels per day while the price of oil is so low? Even at higher rates, it would take some three or four years to move up from the present level of 550 million barrels to the authorized capacity of 750 million barrels, would it not?

Answer: We would like to be filling at a higher rate and have proposed a fill rate of 100,000 barrels per day using the proceeds from the Naval Petroleum Reserves divestiture as an offset. We also agree that filling at 100,000 barrels per day when oil prices are lower and supplies are plentiful is very sensible. It will take four years or so to achieve 750 million barrels even at the higher rate.

Big Hill Development

Question: Please give us the status of the Big Hill project--both as to the facilities themselves and as to the leaching which is underway in the salt dome. Would it not make sense to step up the leaching to about double the present rate of 50,000 barrels per day? In other words, if we really should be filling Big Hill at a minimum of 100,000 barrels a day, shouldn't we be leaching at a rate of about the same volume? My understanding is that of 140 million barrels of eventual capacity at Big Hill, only a small fraction of its ultimate capacity has been leached to date. Approximately how much?

Answer: Leaching commenced at Big Hill on October 1, 1987. As of March 1, 1988, 6.6 million barrels of gross cavern volume was leached. This represents about 3.6 percent of the 180 million barrels of gross volume required to be leached to provide the planned 160 million barrels of storage space.

Facilities still under construction include the physical security system; the well pads for the remaining four caverns; six additional pumps for raw water injection; and high pressure pumps, meter skid, and scraper traps for the crude oil injection system. This work will be completed in 1988.

The caverns are being and will be leached at the maximum practicable rate allowed by the site's design. After the four remaining caverns are completed and certified later this year the brine disposal rate will reach site capacity, i.e., 1.4 million barrels per day.

Under the current storage development plan, individual caverns will be completely developed before injecting significant quantities of oil, i.e., significant oil fill will commence in 1989, with completion of capacity development scheduled for 1991.

Big Hill Oil Fill

Question: As the Big Hill caverns become capable of receiving substantial volumes of oil, are you thinking about transferring some oil from the other SPR sites into Big Hill, or will you be filling Big Hill only with newly purchased oil?

Answer: The vast majority of the crude oil stored at the Big Hill site will be newly acquired. The only exceptions are a small amount of cavern blanket oil and oil required for cavern roof shaping which will be transferred to Big Hill from either the West Hackberry or Sulphur Mines sites. Also, up to 26 million barrels of Big Hill fill may come from the planned decommissioning of the Sulphur Mines site in the 1991/1992 time frame.

Naval Petroleum Reserve Off-Set For Increased SPR Fill Rate

Question: The Administration proposes to increase the fill rate for the SPR from 50,000 barrels per day contingent on the sale of the NPR. It is my understanding that these NPR receipts would be deposited in the "Miscellaneous Receipts Account" of the Treasury as an off-set for increased petroleum purchases of 50,000 barrels per day for a total fill rate of 100,000 barrels per day in FY 1989, is that correct?

Answer: The Department's proposed legislation requires amounts equal to the proceeds of the sale of any part of Naval Petroleum Reserves No. 1 or No. 3 to be credited to the SPR Petroleum Account. Those funds would be used to fill the Strategic Petroleum Reserve at a fill rate of 100,000 barrels per day and to develop the first 10 million barrels of the Defense Petroleum Inventory.

Question: Why was this proposal structured in such a way that the Appropriations Committee would be scored under the Budget Resolution with the full cost of the 100,000 barrels per day fill rate (some $1.018 billion) while receiving no credit for the asset sale?

(Committee doesn't get credit for this asset sale under the November 1987 Budget Summit Agreement.)

Answer: The Department's December 10, 1987, proposed legislation was designed to accommodate the November 1987 Budget Summit Agreement as much as possible. It is our understanding that the Strategic Petroleum Reserve and asset sales are in different discretionary domestic spending categories. The Department's aims are to sell the Naval Petroleum Reserves and to fill the Strategic Petroleum Reserve. To the extent it is consistent with Administration and Congressional policy, the Department wants as direct an earmarking for the SPR fill as possible and is open to suggestions as to how to achieve this. We want to work out any problems with the Committee and staff.

Question: Why shouldn't the full value from the NPR sale, were it to go forward, be deposited directly into the SPR Petroleum Account?

Answer: Under Section 8 of the Department's proposed legislation, amounts equal to the proceeds from the sale of Naval Petroleum Reserves No. 1 and No. 3 will be credited to the SPR Petroleum Account.

Question: The NPR would not likely be sold until the end of FY 1989, if ever. How will the Department determine whether to proceed with the higher SPR fill rate on October 1, 1988, when the NPR sale would not occur until some ten months later?

Answer: If Congress passes legislation authorizing the sale of

the Naval Petroleum Reserves and the earmarking of the receipts for the Strategic Petroleum Reserve, the Department would submit a budget amendment requesting funding to fill the Strategic Petroleum Reserve at a rate of 100,000 barrels per day. OMB concurs with this position.

Question: Even if Congress does pass legislation this session permitting the NPR sale, and the fill rate is increased to 100,000 barrels per day this October, what happens if the NPR sale does not go forward? Would the Administration propose that the next one not fill the SPR at all in FY 1990 to compensate for the lost revenue?

Answer: The program policy proposed by the Administration is to fill at 100,000 barrels per day. Simultaneously we are seeking to accomplish this higher fill rate by utilizing the anticipated Naval Petroleum Reserves divestiture as an off-set, thereby explicitly recognizing the deficit concern. If Congress does pass legislation for the sale of NPRs but the NPR sale does not go forward, it appears that a financing problem for the higher fill rate would exist.

The proposed "Naval Petroleum Reserves Divestiture and Energy Security Enhancement Act" submitted to the Congress by the Department on December 10, 1987 provides under Section 9 "Strategic Petroleum Reserves Fill Rate" for a minimum annual fill rate of 100,000 barrels per day, subject to the availability of appropriated funds until the reserve is at least 750 million barrels. Also under Section 8 "Naval Petroleum Reserves Sales Proceeds" it provides that receipts will be credited to the SPR Petroleum Account and that amounts for obligation, except related to the sale, shall be specified in advance in Appropriations Acts. In addition it should be noted that the Department's cover letter of December 10, 1987 also identifies the Administration's intent to propose in FY 1989 a multi-year appropriation for SPR fill, which would likely be acted upon after the sale legislation was approved but before sale consummation.

In the unlikely event that the sale despite Congressional authorization, does not go forward, the Department would reexamine SPR financing and fill options together with reconsideration of Naval Petroleum Reserves production revenues and develop a new plan in light of the new information.

Question: Why was the increased SPR fill rate tied to the NPR divestiture, especially with its timing problems? Why wasn't Great Plains proposed as an off-set for FY 1989 SPR fill augmentation, since that sale would presumably occur much sooner than NPR?

Answer: The Great Plains Coal Gasification Project sale was not tied to FY 1989 Strategic Petroleum Reserve fill because the Department expects to complete the sale of the project in FY 1988.

Question: The Administration proposes to use some $684 million of the NPR sales receipts in FY 1989 to off-set the higher fill rate and the Defense Reserve. What does the Administration propose with respect to the estimated $2.8 billion in NPR sales receipts vis-a-vis SPR fill rates after 1990?

Answer: Under the Department's proposed legislation, these funds will be credited to the SPR Petroleum Account and will be used to maintain a 100,000 barrel per day fill rate for the Strategic Petroleum Reserve until it totals 750 million barrels.

Question: Since the majority of the NPR sales receipts would not be needed in FY 1989 and since a deferred payment schedule would better fit the needs of the SPR over the next few years while possibly making

the NPR purchase more attractive to potential bidders, why plan to collect nearly all the NPR receipts ($3.2 billion of the $3.5 billion total) in FY 1989? Why not stretch out the payments over a few years?

Answer: The Department's proposed legislation does not require either an immediate sale of the Reserves or a sale of all of the Reserves. If circumstances dictate a phased sale of the Reserves, sales proceeds could be received over a period of time. If the Reserves are sold in their entirety, we currently expect to receive payment in full at the time of the sale.

Question: Although the Naval Petroleum Reserves were first established as a military oil reserve, Congress decided to open these reserves for domestic non-military uses. Since the more than 1,800 development wells on the Reserve were funded from domestic, discretionary appropriations under the jurisdiction of this Subcommittee, why should the 10 million-barrel defense reserve be funded by the NPR divestiture off-set? Why shouldn't the $250 million cost of this reserve (including storage costs) be charged against the allocation for Defense Programs?

Answer: Although other funding alternatives could be considered for a 10 million-barrel defense reserve, the fact that the NPRs were originally established as a military oil reserve and yet have been funded for development since the mid 1970s from domestic discretionary appropriations suggests striking some balance. The Department's proposed legislation represents agreement among the Department, the Office of Management and Budget, and the Department of Defense that it makes sense to use NPR sales proceeds to create a Defense Petroleum Inventory to replace the Department of Defense's emergency access to Naval Petroleum Reserves, and to fill the Strategic Petroleum Reserve. The proposal also provides for DOD reimbursement to DOE for the drawdown and distribution services and for any costs of acquiring and storing petroleum in the Defense Petroleum Inventory in excess of the initial 10 million barrels.

Importance of the Strategic Petroleum Reserve

Question: Has the fact that domestic oil production has declined by nine percent over the last two years while net petroleum imports have risen by some 34 percent caused the Department to give greater importance to the SPR? For example, this budget would raise the fill level to 100,000 barrels per day and create a 10 million-barrel Defense Reserve if the NPR is sold. Also, the distribution rate for the SPR is being increased to 4.5 million barrels per day.

Answer: The increasing oil imports and the status of domestic oil production are two factors that are considered in Administration policy. The Energy Security study considered these factors among many others and subsequent to its publication proposed increasing the fill rate to 100,000 barrels per day. Again the Administration in FY 1989 is proposing a fill rate of 100,000 barrels per day as well as the creation of a 10 million-barrel Defense Petroleum Reserve if the NPRs are sold. Clearly the Department places great importance on the SPR and believes it is a major strategic national asset for our security.

Base Adjustments

Question: The budget justification (page 231) indicates a base adjustment of $1,124,000 for Management. How much of this is for FERS, and what is the FY 1989 total for FERS?

Answer: No budget authority was requested for FERS in FY 1988, the assumption being that the requirements would be funded from unobligated Management funds carried over from FY 1987. The funding included for FERS in the FY 1989 budget authority for Management is $697,000.

Question: How much does analytic support increase and why does it when the President's budget proposes to wind down most of the construction estimates?

Answer: The base adjustment includes an increase of $86,000 for support services. This increase also reflects the use of funds carried over from FY 1987 to finance FY 1988 activities.

Question: It would seem that policy decisions should be less complicated next year rather than more involved. How much is budgeted for analytic support in total?

Answer: The FY 1989 budget for Management includes $3,536,000 for support services. In our view, this is the minimum level of funding required in FY 1989 to support policy decisions on the continued development and fill of the 750 million barrel SPR.

Question: How much of the net base adjustment for storage facilities is related to Big Hill?

Answer: The base adjustment of $5 million for storage facilities is composed of various increases and decreases including an increase of approximately $8 million that is related to Big Hill.

Facilities Development and Fill

Question: Please provide for the record a chart which shows, by site and by year storage capacity created, the facilities dollars spent (not obligated), the quantity of petroleum placed in storage and the related cost for that storage.

Answer: The attached table provides both program level summary and a detailed, by site, breakout of cumulative storage capacity development, cumulative oil fill, and annual facility development obligations/outlays. Facility development dollars are budgeted and obligated by individual storage sites; however, the Department's Financial Information System only accumulates program outlays at the budget appropriation level (i.e., Phase I, II, III and Non Phase Specific). Therefore, facility development outlays are only shown at the program level.

The SPR attributes all site cost to facilities development until that site has achieved its required storage capacity development. At that time, the site transitions to fill or standby operations and all site costs are attributed to facility operations. Currently, the SPR has completed development of three sites: Weeks Island in 1982, Sulphur Mines in 1982 and Bryan Mound in 1987.

STRATEGIC PETROLEUM RESERVE
FACILITIES DEVELOPMENT AND OPERATIONS PROGRAM

TOTAL PROGRAM	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987
Cum Capacity (MMB)	0.0	115.0	159.0	159.0	232.0	246.0	277.9	357.6	431.1	501.3	540.4	578.8
Cum Oil Fill (MMB)	0.0	1.1	49.1	92.2	92.8	199.2	277.9	361.0	431.1	489.3	506.4	533.9
Obligations* ($Mil)	3.0	193.6	439.9	339.2	277.7	200.1	160.1	177.6	191.3	206.3	286.2	183.3
Outlays* ($Mil)	3.0	112.4	193.4	463.5	291.8	257.0	160.2	195.1	168.9	193.1	178.2	280.6

(*) Includes St James Terminal & New Orleans Site Costs

CUMULATIVE STORAGE CAPACITY (Million Barrels)	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987
Bryan Mound	66.0	66.0	66.0	66.0	67.1	95.9	136.3	168.9	193.2	196.0	226.0
West Hackberry	49.0	49.0	49.0	49.0	49.0	52.6	76.3	115.8	162.9	169.4	197.8
Bayou Choctaw		44.0	44.0	44.0	44.0	44.0	46.0	46.0	46.0	46.0	56.0
Weeks Island				73.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0
Sulphur Mines					13.0	13.0	26.0	26.0	26.0	26.0	26.0
Big Hill											

CUMULATIVE OIL FILL (Million Barrels)	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987
Bryan Mound		20.0	31.8	31.8	65.4	94.4	137.5	169.3	187.8	195.8	195.8
West Hackberry	1.1	16.2	30.4	30.8	45.4	50.7	75.5	114.2	154.1	164.1	184.4
Bayou Choctaw		12.9	28.4	28.4	40.1	44.3	44.6	45.7	45.7	45.0	52.2
Weeks Island					41.7	72.6	73.0	73.0	73.0	72.8	72.6
Sulphur Mines					4.0	13.1	26.0	26.1	26.1	26.2	25.4
Big Hill											
Pipelines & Tanks		1.1	1.6	1.8	2.7	2.8	4.4	2.7	2.6	2.5	3.5

FACILITIES DEVELOPMENT COST (Annual Obligations, Millions)	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987
Bryan Mound	**	121.1	85.3	35.0	63.4	33.4	36.9	23.0	30.6	23.1	18.8
West Hackberry	**	148.0	75.2	154.5	45.0	26.0	31.7	36.3	41.6	27.4	22.2
Bayou Choctaw	**	99.0	26.9	22.8	19.9	5.8	12.9	14.5	13.0	14.0	16.5
Weeks Island	**	122.6	59.2	15.1	1.0	6.8	-0.1				
Sulphur Mines	**	47.7	9.9	8.2	5.7	2.1					
Big Hill					1.2	39.4	31.3	69.2	21.9	111.5	18.7

(**) Included in FY1978

FACILITIES OPERATIONS COST (Annual Obligations, Millions)	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985	FY1986	FY1987
Bryan Mound											
West Hackberry											
Bayou Choctaw						5.6	5.2	6.9	7.3	8.7	9.0
Weeks Island							4.1	5.1	4.1	2.4	3.3
Sulphur Mines											
Big Hill											

Sale of the Naval Petroleum Reserves

Question: What are your projected receipts from the sale of NPR-1, Elk Hills, and what are the projected sales from NPR-3, Teapot Dome?

Answer: Proceeds from the sale of Naval Petroleum Reserve No. 1 at the end of FY 1989 are estimated to be in the range of $3.4 million to $4.0 million. Proceeds from the sale of Naval Petroleum Reserve No. 3 at the end of FY 1988 were estimated to be in the range of $12 million to $16 million in the Shearson Marketing Plan. These estimates will be updated later this year after reserves studies of both fields have been completed.

Actual and Projected Naval Petroleum Reserves Revenues and Costs

Question: How does the cost of production at NPR-1 and NPR-3 compare with the revenues from product sales? Would you please provide a table for the record which details for each of the last five years the revenues and the associated production costs for Elk Hills and, separately for Teapot Dome? Also, please provide the projected revenues and costs for both sites assuming production at the maximum efficient rate in each of the next five years.

Answer: The actual revenues and costs for the Naval Petroleum Reserves for the past five years and the projections for the current year and the next five years are shown in the table below.

	1983	1984	1985	1986	1987
Actual					
NPR-1 (Elk Hills)					
Gross Revenue	1,492	1,376	1,264	737	645
Costs	197	107	122	132	132
Net Revenue	1,295	1,269	1,142	605	513
NPR-3 (Teapot Dome)					
Gross Revenue	37	35	31	23	21
Costs	21	22	24	21	14
Net Revenue	16	23	7	2	7

	1988	1989	1990	1991	1992	1993
Projected						
NPR-1						
Gross Revenue	736	738	755	773	809	784
Costs	141	153	179	181	177	168
Net Revenue	596	585	576	592	632	616
NPR-3						
Gross Revenue	20	21	24	23	23	22
Costs	16	17	18	18	19	18
Net Revenue	4	4	6	5	4	4

Question: Is the Federal Government apt to find active industry interest in NPR-3, which appears to be a marginally producing reservoir?

Answer: Yes, there should be active industry interest in purchasing Naval Petroleum Reserve No. 3. It may come from regional or independent oil companies, but the interest should be there.

Question: Is the Administration prepared to sell Teapot Dome at any price just to unload the facility?

Answer: The Administration is not prepared to sell Teapot Dome for less than a reasonable price. The Department's proposed legislation specifically requires the Secretary to receive fair market value for any sale of the Naval Petroleum Reserves.

Question: Is there a minimum price below which the Department will not sell NPR-3?

Answer: The proposed legislation requires the Secretary to receive fair market value for selling the Reserves. Because market conditions may change, we have not set a minimum price.

Question: NPR divestiture proposals have not received support in the past principally because the sharp decline in oil prices over the last few years not only devalued the Reserve itself but also weakened the financial condition of many of the large oil companies that might be expected to bid on the NPR sale. In what ways has this situation changed significantly over the past two years?

Answer: There should be no problem finding potential buyers with the resources to buy the Naval Petroleum Reserves. A number of oil companies have very large cash positions, and Shearson has advised the Department that there is a very strong, active market for petroleum properties.

Question: What reason do you have to believe that the situation will change dramatically within the next 16 months when the NPR sale is proposed to occur?

Answer: The market for quality properties should continue to remain strong, and there should be no shortage of potential buyers with the necessary financial resources.

NPR Construction Program

Question: The FY 1989 budget proposes a number of NPR construction projects which would seem to be questionable undertakings if the Reserves are really going to be sold next year. For example, if you are going to sell the Reserves next year, is it practical to embark on the installation of a new drinking water system at Elk Hills for $300,000? Wouldn't the sale occur before the new water system was operational?

Answer: NPR construction projects proposed in the budget are considered necessary pursuant to the Naval Petroleum Reserves Production Act and the most recent study and Presidential decision to continue production for an additional three years that were provided to Congress in October, 1987. In essence the budget proposal is based on current law and implementing established Presidential decisions, not proposed legislation and anticipated divestiture. If the new legislation is accepted and the sale consummated, any amounts

appropriated but not required due to the sale would be proposed for recission. Any beneficial projects already underway prior to the sale should contribute to improving asset value, thereby increasing receipts from the sale.

The new portable water system is only one of several industrial hygiene projects planned over the coming years to provide for the health and safety of over 1,000 workers at Elk Hills. The present water system services more than 1,000 locations on the 47,000 acre Reserve and, over the years, has become corroded and in need of replacement. The new water system would be designed and construction begun in FY 1989. Whether the Reserve is sold or not, safe drinking water is required.

NPR Construction Program

Question: In the same vein, what can the benefit-cost ratio be for the installation of improved "lean oil cooling" facilities at Elk Hills when they would be operational for only a few months at best before the Administration proposed to dispose of the Reserves?

Answer: This project to increase the efficiency of the lean oil cooling system at the 35R absorption gas processing plant would significantly improve the recovery of liquid products from the wet gas stream entering the plant during the summer and also reduce the losses of lean oil. The return on this project would be good whether the Government were to continue owning the Reserves or a private owner, thus this project would increase the value of the Reserves to a potential buyer. Any facilities either constructed or under construction would be included in the asset base on which any bid would be submitted. Thus, the purchase price would reflect those increases in value to the bidder. The benefit-cost ratio, then, would reflect the anticipated full lifetime of the asset. However, if the project was not begun prior to the sale, any unexpended funds would be proposed for rescission after the sale occurs.

Question: Is there any reason why work on this new administration building at NPR-1 cannot be deferred until after FY 1989?

Answer: We would prefer not to defer the replacement of trailers at Elk Hills any further. Many of the employees at Elk Hills have worked in sub-standard buildings and trailers for many years, and it is our opinion that prudent management of the Reserves calls for replacement of these temporary workspaces with a more acceptable working environment. Present work spaces in the 28 trailers are cramped, not very large and make communication among staff very difficult. New space would provide for a better work environment, provide additional storage of vital working records and provide an eating area for the approximately 330 employees working in the trailers. The $470,000 requested in FY 1989 for the new buildings at NPR-1 are only a part of the total project costs, and are to be used for Title I and II design based on a conceptual design already completed. The bulk of the project funds ($6 million) will be requested in the FY 1990 budget request, if design funds are appropriated, and are to be used for the construction and remodeling of the proposed or existing buildings. The Government would receive these benefits either from continued operation of the Reserve or as an increase in its value in a sale.

The FY 1989 Budget before you provides for the continued operation and production of the Naval Petroleum Reserves for 3 more years, as is currently authorized. A study and the President's decision to continue production for an additional 3 years were provided to Congress in

October 1987. Since the Budget was formulated to provide funding through the sale transition phase, it is practical to plan for those additional or replacement facilities necessary for continued production.

However, if the sale were to occur before the construction of these facilities, for instance the water system, any amounts appropriated but not required due to the sale would not be expended and would be proposed for rescission.

Question: You have approximately 95 FTE's at the various Naval Petroleum Reserve facilities. What will happen to these individuals if the Petroleum Reserves are sold?

Answer: We will take steps to negotiate that affected FTEs can be given the right of first refusal by the new owner(s) and operator(s) for employment. We will also assure that affected FTEs are fully knowledgeable of Civil Service procedures and opportunities for other available positions.

Question: No funds are requested in the FY 1989 budget for severance pay for these individuals, why not?

Answer: The budget proposal is based on existing law and decisions, not proposed legislation that would permit a sale. In addition, we are hopeful that many, if not all, of the employees could, with reasonable assistance and counseling, successfully locate and acquire new positions.

Question: Will you make a commitment that the Department will do all it can to encourage the existing employees to remain on duty despite the continuing threat that many of them might be out of a job some 16 months from now?

Answer: We are encouraging productive employees to remain on the job. You have our assurance we will continue to do so.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Strategic Petroleum Reserve

Question: From June 1 to July 10, 1987, the Department of Energy conducted an extensive drawdown training exercise called SPREX-87. This exercise included the physical drawdown of 1.1 million barrels and tested the readiness of the SPR drawdown systems and personnel as well as the enhanced drawdown and sales procedures. What did you learn from this exercise? How are you implementing the knowledge from this exercise? Did this exercise differ from other exercises held in the past?

Answer: The exercise confirmed the SPR's ability to effectively conduct a drawdown and sale. Minor refinements to administrative procedures, as well as personnel cross-training and augmentation requirements were identified. Action items associated with implementing changes in administrative procedures have been established and detailed cross-training and staffing augmentation plans have been prepared. The most significant difference between SPREX-87 and prior exercises was the surprise nature of SPREX-87 which exercised the ability to respond in "real time" to a drawdown requirement.

Fill Rate Proposal

Question: For FY 1989 you have requested $333,555,000 for oil acquisition and transporation. These funds are anticipated to provide for 50,000 barrels a day of oil acquisition. In addition, you have proposed language in FY 1989 to authorize the sale of either or both of the Naval Petroleum Reserves Numbered 1 and 3, with the proceeds to be earmarked for another 50,000 barrels a day of oil acquisition and for a 10,000 barrel Defense Petroleum Inventory. Can you explain the mechanics behind the Defense Petroleum Inventory? How do you propose to store the Defense Inventory, in separate caverns or as a simple inventory earmark? Would this inventory be a shift in policy for the Strategic Petroleum Reserve?

Answer: The Defense Petroleum Inventory will be accommodated by the acquisition and storage of an additional 10 million barrels of crude oil within existing SPR storage facilities. This inventory will be available for use as required by the Secretary of Defense.

The Defense Petroleum Inventory is currently planned to initially be stored within the SPR system with no specific location, however it will eventually be stored at a dedicated SPR cavern. The inventory represents no change in policy regarding the 750 million-barrel SPR and its use at the time of an energy emergency.

Defense Access To Oil

Question: If the Defense Petroleum Inventory did not exist, where would the Department of Defense get its oil if it needed some?

Answer: Under normal conditions, military fuels are bought competitively from refiners. In emergency situations, there are various sources, including: (1) crude oil, obtaining it from the Naval Petroleum Reserves, if they have not been sold or depleted, and from the Strategic Petroleum Reserve, if a drawdown decision has been made; and (2) refined products, obtaining them through DOD authority to streamline the normal procurement process, and through coordinated DOE - DOD use of the Defense Production Act.

Question: How did the Administration arrive at a size of 10 million barrels for the Defense Petroleum Inventory? Was it to meet DOD needs or as a calculation of the NPR's value and what the Administration thought was acceptable?

Answer: DOE, DOD, and OMB agreed that 10 million barrels was an appropriate size for a Defense Petroleum Inventory. A Defense Petroleum Inventory of 10 million barrels represents a single additional cavern at an existing SPR site and equates to 100,000 barrels per day for 100 days. This inventory would permit DOD to cope with short supply emergencies and to bridge early stages of larger energy emergencies until other actions can be taken to respond to the emergency.

FY 1988 Oil Acquisition

Question: In FY 1988, $438,744,000 was appropriated for oil acquisition and a minimum fill rate of 50,000 barrels a day. In addition, bill language was included limiting outlays in the FY 1989 Act from the Petroleum Account to $256,478,000. This restriction was included because of overall budget constraints. Can you briefly give the Committee a status report on your oil acquisition effort for FY 1988.

Answer: All crude oil delivered to the SPR in FY 1988 will be acquired from Petroleos Mexicanos (PEMEX), either under a 1986 purchase agreement which concluded on November 30, 1987, or the current two-year agreement which became effective December 1, 1987. These agreements called for purchases of 65,000 barrels per day, subject to the availability of funds. The FY 1988 fill rate to date has averaged approximately 61,000 barrels per day.

Question: Do you anticipate having trouble meeting the fill rate with the outlay restriction?

Answer: In addition to the $256.5 million we are permitted to outlay from FY 1988 new budget authority, we can outlay $59 million of funds that were obligated but uncosted at the end of FY 1987. Thus, we can outlay a total of $315.5 million against costs incurred during FY 1988. Based on this level of outlays and our cost experience to date, we do not anticipate any problems with achieving a fill rate of at least 50,000 barrels a day.

Decrease In FY 1989 Oil Funding

Question: For FY 1988, $438 million was provided for 50,000 barrels a day. You have requested $333 million in FY 1989 for another 50,000 barrels a day. Finally, if NPR #1 and #3 are sold, you have requested to use $476 million for an additional 50,000 barrels a day. Does this decrease in funds from FY 1988 to FY 1989 signify a shift in purchasing policy or simply a price assumption?

Answer: The difference in the amount provided for 50,000 barrels a day in FY 1988 and the amount requested for FY 1989 results from a combination of changes in assumptions about oil prices and a difference in the amounts associated with advance orders.

In enacting the FY 1988 appropriation, Congress provided funds to allow for filling at a rate of approximately 50,000 barrels a day at an average cost of approximately $20.65 per barrel and funds to finance 3 months of FY 1989 deliveries at 75,000 barrels a day at an average cost of $21.80 per barrel. Our FY 1989 budget assumes an FY 1988 cost of $19.97 per barrel and an FY 1989 cost of $20.75 per barrel in FY 1989. Our FY 1989 budget also reduces advance orders capability from 3 months at 75,000 barrels a day in the FY 1988 budget to 3 months at 50,000 barrels a day in the FY 1989 request.

Funding For Additional Fill In FY 1989

Question: Why is there such a difference between what you have requested for the first 50,000 barrels ($333 million) and the second 50,000 barrels ($476 million), if NPR is sold?

Answer: If the Naval Petroleum Reserves are sold, the assumption is that SPR fill would be increased from 50,000 barrels a day to 100,000 beginning in FY 1989. Thus, it is also assumed that we would in each year advance order 3 months of the fill for the following year at 100,000 barrels a day. In FY 1989, this would entail additional purchases of 18.3 million barrels for delivery in FY 1989 at an estimated cost of approximately $379 million, and 4.6 million barrels for delivery in FY 1990 at an estimated cost of $98 million.

Discrepancy In FY 1989 Price Assumptions

Question: It appears you are operating off of three separate prices, $18 a barrel for the first 50,000 barrels, $26 a barrel for the

second 50,000 and $20 a barrel for the DOD inventory. Why the discrepancy?

Answer: Our assumed price for oil to be delivered in FY 1989 is $20.75 per barrel and that assumption was uniformly applied in developing our estimates of FY 1989 budget authority for the first and second 50,000 barrels a day of SPR fill and for the Defense Petroleum Inventory (DPI). It appears that you have assumed that the price per barrel in each of these cases can be derived by dividing FY 1989 budget authority by the number of barrels to be delivered in FY 1989. This methodology can be used for the DPI because all of the oil purchased with the FY 1989 budget authority would be delivered in FY 1989; however, it cannot be used in the case of either the first or second 50,000 barrels a day of SPR fill. The reason for this is that about $143 million of the costs for the first 50,000 barrels a day are funded in the FY 1988 appropriation. In addition, FY 1989 budget authority for both the first and second 50,000 barrels includes funding for 3 months of FY 1990 deliveries, for which the assumed price is $21.51 per barrel.

SPR Oil Price Assumptions

Question: In last year's hearing, you indicated that price assumptions were $15.14 per barrel in 1987, $16.96 in 1988, and $18.53 in 1989. What are the price assumptions in FY 1989 for 1988, 1989, and 1990?

Answer: The FY 1989 budget request assumes the SPR oil costs will average $19.97 per barrel in FY 1988, $20.75 in FY 1989, and $21.51 in FY 1990. A total of 10.3 million barrels were delivered during the first five months of FY 1988 at a cost of approximately $175 million, for an average cost of about $17 per barrel.

Storage Facilities Development And Operations

Question: For FY 1989, you have requested a decrease of $26 million in non-phase specific development and operations ($185 million in FY 1988 and $160 million). The majority of this decrease is in Phase II and Phase III and very little in the non-phase specific category.

Can you give me a general idea of what the Phase II and Phase III reductions are? Will you complete construction of Big Hill in FY 1989? Are you still on schedule to complete the leaching operations at West Hackberry in FY 1988?

Answer: The Phase II reduction in planned obligations ($2.6 million) reflects the anticipated closeout of remaining Phase II construction claims. The Phase III reduction in planned obligations ($24.5 million) reflects the planned conclusion of remaining Phase III surface construction (i.e., Big Hill construction). Completion of cavern leaching operations at West Hackberry in FY 1988 provides a $5.9 million reduction in Non-Phase Specific Operations Obligations in FY 1989. West Hackberry is on-schedule to complete cavern leaching operations in September 1988.

Question: What is the leaching schedule for Bayou Choctaw?

Answer: Bayou Choctaw is scheduled to complete all cavern leaching operations in FY 1991. Cavern 101 is scheduled for completion in April 1990 and Cavern 18 enlargement in September 1991.

Question: What are your leaching plans for Big Hill?

Answer: Cavern leaching at the Big Hill site was initiated on October 1, 1987. Leaching is currently in progress on the first 10 caverns and leaching of the 4 remaining caverns will start in April 1988. All 14 caverns are scheduled for completion by the end of FY 1991.

Security Enhancement

Question: Your FY 1989 budget proposes security enhancements at Bryan Mound and West Hackberry. Have you identified security problems at these sites?

Answer: The security enhancements planned at Bryan Mound and West Hackberry are not to correct security problems. Security at SPR facilities is considered adequate to protect the Government's assets; however, in light of a changing threat environment, it is considered prudent to make refinements and upgrades to the SPR security system as new concepts and technologies evolve to counter the threat.

Advance Orders

Question: In last year's justification you indicated that you expected to advance order approximately 3.0 months of FY 1989 deliveries in FY 1988. This year's justification, however, indicates that you expect to advance order 4.5 months of FY 1989 deliveries in FY 1988. Why the shift?

Answer: The FY 1988 appropriation provided funds to advance order approximately 3 months of FY 1989 deliveries at 75,000 barrels a day. Since our FY 1989 budget proposes to fill at 50,000 barrels a day in FY 1989, the advance orders funding provided in the FY 1988 appropriation would permit us to advance order 4.5 months of FY 1989 deliveries at 50,000 barrels a day. Our budget also proposes 3 months of advance orders for FY 1990 at 50,000 barrels a day, reflecting that there is no change in our advance orders policy.

Crude Oil Barter

Question: The Food Security Act (P.L. 99-198) gave DOE the authority for the barter of agricultural commodities for crude oil. At last year's hearing you indicated that you were in the process of working on the idea and were "attempting to move forward on barter sales, regardless of sufficient funds or insufficient funds." Since you have requested funds for 50,000 barrels of oil, should I assume that you have shelved the barter proposal? What has DOE done to move the barter proposal forward in the past year?

Answer: The Food Security Act gave the Department of Agriculture, not DOE, the authority to barter agricultural commodities for crude oil deliveries to the SPR. The USDA and DOE executed a Memorandum of Understanding in August 1987 which outlined the procedures for accommodating barter arrangements. USDA has since made formal barter proposals to Mexico and Venezuela and has contacted Algeria, Egypt, Indonesia, Iraq and Nigeria. However, none of these countries expressed an interest in bartering. Should USDA be able to identify a barter partner, the Department of Energy stands willing to consider a barter arrangement involving crude oil for the SPR.

SPR Drawdown vs. Distribution Capability

Question: FY 1989 is the first time in recent memory that the Strategic Petroleum Reserve, the distribution capacity, will exceed the drawdown capability. I do not want to slow the development of the

distribution capability, but I would be interested in knowing the plans and costs of the FY 1990 plans to increase the drawdown capability to 4.5 million barrels a day?

Answer: The Big Hill storage site will provide the remaining increment of drawdown capability (930,000 barrels per day) required to achieve the 4.5 million-barrel per day SPR drawdown rate goal. Construction of the physical system to provide this drawdown capability will be completed in FY 1988 at which time it will be operational; however, at least 10 percent of the site's planned total crude oil inventory is considered necessary to achieve a significant drawdown capability. The timing of achieving this drawdown capability is dependent on the Big Hill cavern development program and the SPR fill rate. This capability could be achieved as early as FY 1990. No specific additional costs will be incurred.

Excess FY 1988 NPR Revenues

Question: In the FY 88 Continuing Resolution, bill language was included providing that revenues from the Naval Petroleum Reserve, which were in excess of the Administration's original estimate, shall be deposited in the SPR Petroleum Account. Do you have an estimate of the amount, if any, of these excess revenues? If there are any additional revenues, what is the Administration's plan with respect to these revenues; purchase additional oil above the 50,000 barrel a day requirement or offset those purchases?

Answer: The bill language in question requires that sums in excess of $836 million received during FY 1988 as a result of the sale of products from the Naval Petroleum Reserves be deposited in the SPR Petroleum Account for the acquisition of petroleum and other necessary expenses.

Although prices may increase above the current levels, we foresee little or no possibility of revenues reaching a level approaching $836 million. In the event that there would be any revenues deposited in the SPR Petroleum Account, we would use them in FY 1989 to increase the SPR fill rate from the 50,000 barrels a day level.

NPR-1 Reserves Report

Question: The investment banking firm, Shearson Lehman Brothers completed a market plan for Naval Petroleum Reserves 1 and 3. The plan was prepared to assist the Department in the determination of the value of the assets from the private sector viewpoint and in the development of a marketing plan to maximize the sales proceeds from divestiture. Several recommendations were made if the government went ahead with the proposed sale. One of the recommendations was for DOE to contract a comprehensive reserve report by a nationally recognized independent petroleum engineering consultant. There are substantial differences among existing estimates of recoverable reserves. Have you assessed the various recommendations in the Shearson Lehman Brothers report?

Answer: Yes, we carefully evaluated the report, and discussed all of the issues and options with Shearson Lehman Hutton employees who authored the report at the time it was written. In addition, Shearson updated its report to take into consideration the changed market for securities after the financial market turmoil of October 1987, and we have reassessed the recommendations in the report in light of that update. Furthermore, we expect further review of the recommendations as more views on the proper method of divestiture are aired.

Question: How have you incorporated the recommendations made by Shearson Lehman Brothers into the Administration's plans to sell NPR 1 and 3?

Answer: We adopted the most important proposal made by Shearson in their report, the use of a multi-market plan. We plan to offer Naval Petroleum Reserve No. 1 in three parts: a 35-40 percent ownership share, 1 percent ownership shares for 50-55 percent of the field, and a royalty trust for the remaining 10 percent. We have also incorporated the proposal that Naval Petroleum Reserve No. 3 should be sold to a single buyer. In addition, we adopted the proposal that the deep rights to the field be sold separately, and we are now considering methods whereby the Federal Government would obtain a share of the benefits of any major appreciation in petroleum prices following the divestiture.

Regarding the reserve estimates, the Department was aware that Naval Petroleum Reserve No. 1 needed a comprehensive reserve report in order to plan future production activities and to properly divide production between the Government and Chevron according to the Unit Plan Contract. The Shearson recommendation added some urgency to performing the analysis, for which we have hired the firm of J. R. Bergeson. The comprehensive reserves report is scheduled to be delivered this summer.

Reserve Estimates

Question: Can you briefly discuss the different reserves estimates for NPR-1? Which estimates has DOE used in estimating the field's value?

Answer: Two sets of reserve estimates are used in both DOE's sell-hold analysis and Shearson Lehman's marketing plan, Babson and Sheppard's, and the DOE 1987 Long Range Plan. Neither are comprehensive reserve estimates, but comprehensive reserve estimates should be available this summer.

In estimating the market value of NPR-1, DOE has used either a range reflecting the two reserve estimates or a value within the range. Current estimated proceeds from sale are $3.4 billion to $4.0 billion and the estimate for budget purposes is $3.5 billion.

Sale Of Naval Petroleum Reserves

Question: How do you plan to proceed, if at all, with the sale of the Naval Petroleum Reserves?

Answer: We plan to get the proposed legislation for divestiture passed and sell the reserves by the end of FY 1989. As part of this process time will be spent negotiating a new unit plan contract with Chevron; providing documentation on NPR reservoir characteristics to prospective buyers; conducting field tours; briefing prospective buyers on contract terms and conditions; conducting the actual sales process; and making the transition to a new operator.

Unit Plan Contract Renegotiation

Question: Another recommendation is that a new Unit Plan Contract with Chevron be negotiated. Shearson Lehman Brothers felt that the existing contract contains provisions which would not be found in a normal oil industry agreement. These provisions may make the Government's ownership difficult to transfer. Do you agree with this assessment?

Answer: We do agree that the Unit Plan Contract includes features which are not transferable to third parties. A new Unit Plan Contract needs to be negotiated with Chevron in order to allow for the transfer of the Goverment's interest to third parties and to allow continued operation of the field as a unit contract. Chevron has indicated its willingness to enter into negotiations for a new unit contract.

Provisions Requiring Renegotiation

Question: Can you identify some of those provisions?

Answer: Yes. The Government has exclusive control over time and rate of development and production (Section 4 (a) of the UPC). The Secretary has the authority to resolve disputes arising in the Operating and the Engineering Committees, and his decision is final and binding on the Government and Chevron (Section 9 of the UPC). These committees are composed of both Government and Chevron members and play important roles in the determination of major field operations and determination of equity. The UPC grants the Government, and only the Government, the right to terminate the contract (Section 11(b)). Most industry agreements continue for the life of the field. Under the Unit Plan Contract, "percentage participation", or ownership shares, can be revised if geologic conditions so warrant, and all revisions are retroactive to 1942 (Section 2(g) of the Unit Plan Contract). Industry agreements normally fix the ownership at the outset of contractual relationship, and the ownership shares remain fixed.

Unit Plan Contract Renegotiation Without Divestiture

Question: If the NPR is not sold, do you feel that the negotiation of a new Unit Plan Contract is a recommendation that should be implemented?

Answer: We did not have plans to renegotiate the Unit Plan Contract with Chevron prior to consideration of divestiture.

Source Of Navy Oil

Question: The Naval Petroleum Reserve was originally established to provide oil for the Department of Navy. At the time the Reserve was established, the total petroleum resources of the United States were unknown. If NPR were sold, what would be the source of oil for the Department of Navy, if one were necessary?

Answer: The Navy and DOD routinely buy petroleum products throughout the world. These normal procurement channels would be our first line of action. If additional supplies are needed, the Navy could get oil from the 10 million Defense Petroleum Inventory that would be established at Strategic Petroleum Reserve sites with proceeds from the NPR sale.

Exploration Drilling

Question: For Reserves numbered 1 and 2, you have requested an additional $4.0 million in Exploration Drilling for FY 89. This request is above the FY 88 request of zero but above the FY 87 request of $3.8 million and below the FY 86 request of $19 million. At last year's hearing you indicated that you were moving into more EOR projects and away from exploration. I am glad to see you made a request for more exploration funds. What are you proposing to do with the $4.0 million requested for exploration drilling?

Answer: The exploratory program for FY 1989 at Naval Petroleum

Reserve-1 includes the deepening of well No. 577-34S (Carneros/ Phacoides) from its suspended depth of 13,000 feet to a depth of 17,000 feet to investigate possible new producing zones, and the drilling of Stevens Zone well to a depth of 12,000 feet in section 1 G to expand the potential of this producing zone.

Enhanced Oil Recovery

Question: What are your plans in FY89 for EOR?

Answer: Currently, a small steam injection pilot project is underway in the Shallow Oil Zone at Elk Hills Naval Petroleum Reserve No. 1. This project will be monitored, data collected, and analysis performed in FY 1989. If this initial pilot project is technically and economically successful, this steamflood can be expanded beginning in FY 1990. Enhanced oil reserve screening tests are being performed as part of the Bergeson reserves contract to identify other potential Enhanced Oil Reserve applications for possible field testing.

The first phase of expansion of the Shannon Reservoir Steam Drive Project has begun Naval Petroleum Reserve No. 3. This work includes the installation of one steam generation production system and the expansion of the pilot system to full capacity. If the results of this first expansion support continuation, a second phase will be initiated. This will include the installation of a third steam generation production system in addition to the pilot and first phase systems. This work will be performed utilizing funds that will be obligated in late FY 88.

Laboratory tests are also in progress to test the possible application of a Alkaline-Surfactant-Polymer Process in the Northern Second Wall Creek Reservoir at Naval Petroleum Reserve No. 3. Testing and analysis will continue through FY 89.

Development Facilities

Question: For Reserves numbered 1 and 2, you have requested $23.2 million in Development Facilities for FY 89. This is an increase from the FY 88 level of $20.5 million and an increase above the FY 87 enacted level of $8.0 million (pg. 175). At the same time, you have requested no funds for Developing Facilities for reserve number 3. If you are proposing to sell reserves 1 and 3, why are you proposing to increase the budget for Development Facilities?

Answer: The FY 1989 budget provides for the continued operation and production of Naval Petroleum Reserve-1 and Naval Petroleum Reserve-3 for three more years, as is currently authorized. A study and the President's decision to continue production for an additional three years were provided to Congress in October 1987.

The increased budget for Development Facilities at Naval Petroleum Reserve-1 is primarily to fund continuing environmental and safety projects, particularly the NOx reduction project. If the reserves are sold, any amounts appropriated but not required due to the sale would be proposed for rescission.

Prior Year Balance

Question: For the past three years the budget for Naval Petroleum Reserves included the use of a substantial amount of unobligated balances left over from previous fiscal years. In FY 1986 you carried over $155 million; FY 1987 $36 million; FY 1988 $18 million. For FY

1989, however, the budget does not anticipate the use of any carry over balance. Since the Naval Petroleum Reserves produces a great deal of revenue I do not want to underestimate your needs. This budget was produced some time ago and I would be curious to know if you still feel there won't be any carry over balances and if this budget is sufficient to carry out the maximum efficient rate (MER) requirements?

Answer: We still believe that there will be no unobligated balances carried over to FY 1989 and that our budget will be sufficient to carry out MER requirements.

Production Operations

Question: You have requested a 28 percent increase in Production Operations in FY 1989 for reserve #3 (pg. 183). Since the EOR steam drive expansion project was initiatied in FY 1988, is this increase designed for the operation and expansion of that project?

Answer: The increase in Production Operations in FY 1989 is due to the first increment of the steam drive expansion project coming on line in FY 1989. The increase will fund the purchase of fuel gas required to operate additional steam generators, and associated operation and maintenance costs for the added steam generation/production systems.

Program Direction

Question: Why is there a 19 percent decrease in program direction proposed for FY 1989?

Answer: The Navy and DOD routinely buy petroleum products throughout the world. These normal procurement channels would be our first line of action. If additional supplies are needed, the Navy could get oil from the 10 million Defense Petroleum Inventory that would be established at Strategic Petroleum Reserve sites with proceeds from the NPR sale.

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Answer: The exploratory program for FY 1989 at Naval Petroleum Reserve-1 includes the deepening of well No. 577-34S (Carneros/ Phacoides) from its suspended depth of 13,000 feet to a depth of 17,000 feet to investigate possible new producing zones, and the drilling of a Stevens Zone well to a depth of 12,000 feet in section 1 G to expand the potential of this producing zone.

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economically successful, this steamflood can be expanded beginning in FY 1990. Enhanced oil reserve screening tests are being performed as part of the Bergeson reserves contract to identify other potential Enhanced Oil Reserve applications for possible field testing.

The first phase of expansion of the Shannon Reservoir Steam Drive Project has begun Naval Petroleum Reserve No. 3. This work includes the installation of one steam generation production system and the expansion of the pilot system to full capacity. If the results of this first expansion support continuation, a second phase will be initiated. This will include the installation of a third steam generation production system in addition to the pilot and first phase systems. This work will be performed utilizing funds that will be obligated in late FY 88.

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Answer: The FY 1989 budget provides for the continued operation and production of Naval Petroleum Reserve-1 and Naval Petroleum Reserve-3 for three more years, as is currently authorized. A study and the President's decision to continue production for an additional three years were provided to Congress in October 1987.

The increased budget for Development Facilities at Naval Petroleum Reserve-1 is primarily to fund continuing environmental and safety projects, particularly the NOx reduction project. If the reserves are sold, any amounts appropriated but not required due to the sale would be proposed for rescission.

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Question: For the past three years the budget for Naval Petroleum Reserves included the use of a substantial amount of unobligated balances left over from previous fiscal years. In FY 1986 you carried over $155 million; FY 1987 $36 million; FY 1988 $18 million. For FY 1989, however, the budget does not anticipate the use of any carry over balance. Since the Naval Petroleum Reserves produces a great deal of revenue I do not want to underestimate your needs. This budget was produced some time ago and I would be curious to know if you still feel there won't be any carry over balances and if this budget is sufficient to carry out the maximum efficient rate (MER) requirements?

Answer: We still believe that there will be no unobligated balances carried over to FY 1989 and that our budget will be sufficient to carry out MER requirements.

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drive expansion project was initiated in FY 1988, is this increase designed for the operation and expansion of that project?

Answer: The increase in Production Operations in FY 1989 is due to the first increment of the steam drive expansion project coming on line in FY 1989. The increase will fund the purchase of fuel gas required to operate additional steam generators, and associated operation and maintenance costs for the added steam generation/production systems.

Program Direction

Question: Why is there a 19 percent decrease in program direction proposed for FY 1989?

Answer: Planned obligations for FY 1988 included amounts to fund non-recurring requirements in miscellaneous contractual services. These FY 1988 non-recurring requirements include the funding of future options of a recently initiated reserve study (Bergeson) which will assist in determining the policy for continued development.

Natural Gas Protection Plan

Question: What is the status of the natural gas protection plan revision?

Answer: The Natural Gas Protection Plan complements the 1983 plan, extending protection to all areas of NOSR-1 and NOSR-3, and covering all hydrocarbons. Protection is provided both by joining in communitized units and by drilling offset wells inside the NOSR-1/NOSR-3 boundaries, as necessary. On March 14, 1988, the Secretary transmitted the plan to the Attorney General for antitrust review. Next steps include transmitting the plan to the Armed Services Committees for consultation and implementation this summer.

Implementation includes executing operating and communitization agreements with Barrett Resources on 8 wells drilled by Barrett along the NOSR-3 boundary; evaluating protection provided by these agreements; if determined necessary to prevent drainage, drilling a line of wells on NOSR-3 parellel to the existing Barrett wells and contingent on the availability of funds, forming additional units/drill additional offset wells to protect other areas of NOSR-1 and NOSR-3, as needed.

SUBCOMMITTEE RECESS

Senator JOHNSTON. The subcommittee will stand in recess until 10 a.m., on Tuesday.

[Whereupon, at 2:45 p.m., Monday, March 28, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, April 5.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

TUESDAY, MARCH 29, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 3:15 p.m., in room SD–116, Dirksen Senate Office Building, Hon. Dennis DeConcini presiding.

Present: Senators DeConcini and Reid.

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

STATEMENT OF ROSS O. SWIMMER, ASSISTANT SECRETARY, INDIAN AFFAIRS

ACCOMPANIED BY:

WILLIAM P. RAGSDALE, DEPUTY TO THE ASSISTANT SECRETARY, OPERATIONS

ROBERT D. BARACKER, ACTING DEPUTY TO THE ASSISTANT SECRETARY, TRUST AND ECONOMIC DEVELOPMENT

HAZEL E. ELBERT, DEPUTY TO THE ASSISTANT SECRETARY, TRIBAL AFFAIRS

WILSON L. BABBY, DEPUTY TO THE ASSISTANT SECRETARY, INDIAN EDUCATION PROGRAMS, DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS

LINDA L. RICHARDSON, ACTING CHIEF, DIVISION OF PROGRAM DEVELOPMENT AND IMPLEMENTATION

ANTHONY L. ITTEILAG, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR

BUDGET REQUEST

Senator DECONCINI. The subcommittee will come to order.

Today the committee will take up the fiscal year 1989 budget for the Bureau of Indian Affairs.

The fiscal year 1989 budget request is $1,420,843,000, a decrease of $1,945,000 below the fiscal year 1988 appropriations to date. The total request includes $1,026,207,000 for funds subject to annual appropria-

tions, which represents a decrease of $45,199,000 from the 1988 appropriations level.

The BIA request also includes $394,636,000 for permanent appropriations. This represents an increase of $3,254,000 from the 1988 level.

Mr. Swimmer, the Assistant Secretary for Indian Affairs, is our principal witness.

Welcome, Mr. Swimmer. We look forward to your testimony. You may summarize it, if you would, so we can get out of here by 4 o'clock.

PREPARED STATEMENT

Mr. SWIMMER. Thank you, Mr. Chairman. I will submit the testimony for the record.

[The statement follows:]

STATEMENT OF HON. ROSS O. SWIMMER

I appreciate the opportunity to appear before you to support the fiscal year 1989 budget request for the Bureau of Indian Affairs. The total request for the BIA is $1,420,843,000, of which $1,026,207,000 requires annual appropriations authority and $394,636,000 represents permanent appropriations and tribal trust funds. For appropriated funds, this represents a decrease of $45,199,000 below enacted appropriations for fiscal year 1988.

Within the overall spending constraints facing the federal government, I believe that the budget equitably addresses the numerous areas of Bureau responsibility. Increases are requested in selected programs ranging from education to social services to road maintenance to data processing. It is notable that the request for the Bureau's major account, Operation of Indian Programs, is $28 million higher than the request presented to Congress for fiscal year 1988. Likewise, in fiscal year 1988, the budget proposed rescission of some $22 million in construction funds appropriated the prior year. No rescission requests accompany this budget.

Highlights of the Fiscal Year 1989 Budget

The major Bureau initiative in fiscal year 1989 has no additional funds accompanying it: just bill language to allow ten tribes to use funds they receive from the Bureau to meet locally-determined needs, even if those needs do not fit neatly into an existing line-item of the budget. This will be a test for the Bureau, the tribes, and the Congress to determine if we are willing to put real meaning into the term "self-determination." The Bureau will be providing periodic reports to the Congress on the progress of the planning process during this year. The language requested with the FY 1989 budget would allow for the actual implementation of this demonstration project next year. We hope that this Committee and the others with an interest in Indian affairs, will resist efforts to over-regulate this effort or to exclude from local budgets funds provided for some programs due to competing interests.

A number of other tribes, in addition to the ten with whom we're working this year, have expressed an interest in being included in this program and we would support expansion of this demonstration project to additional tribes with a fiscal year 1990 implementation date.

Education

A comprehensive report on the condition of BIA education has been prepared. This document should provide an excellent foundation for serious discussions concerning the direction this program should take in the future. A great deal of statistical data has been gathered on virtually all facets of elementary and secondary education: enrollment trends, test scores, teachers' salaries, distribution of funds among instructional costs, administrative costs, facility costs, and a host of other material subdivided by schools operated by the Bureau, those operated under contract, and public schools.

In an effort to address some of the findings of the report, the Bureau is proposing to implement an "effective schools" process. As a part of this process several special projects have been identified in education for the coming year. To provide more up-to-date textbooks, $300,000 is requested. The gifted and talented program will be expanded from a demonstration effort to one of bureauwide applicability. An increase of $500,000 is provided for additional training of staff who work in the schools and dormitories. And, though the reports indicate that overall there are serious shortcomings in our educational system, there are notable exceptions. With a request of $450,000, the Bureau plans to use part of the money to reward those schools which have exemplary programs and to use the remainder of the funds to pair exemplary schools with schools having identified problems to attempt to upgrade the quality of education we are providing to children in schools funded by the Bureau.

Tribal Services

In the area of tribal services, the 1989 budget proposes two new programs and an expansion of a third. Funds are requested to establish an Institute for Tribal

Governments in conjunction with some existing institution of higher education. This institute will provide training and technical assistance for tribal leaders and staff and for Bureau personnel in the areas of government operations, Indian law, program management, and conflict resolution.

To better focus attention on the important role of tribal courts, we have proposed establishing a Center for Judicial Services which will provide support and technical assistance to field personnel and those working in tribal judicial systems. The Center will function as a field office to develop and conduct programs for continuing education and training for court personnel. The center will also compile data concerning court activities, develop caseload statistics, and serve as an information and resource center.

The problem of child abuse and neglect has gained much national attention in recent years. Indian reservations are not immune from these problems, and, in fact, can be more at risk if the reservation is beset with problems of very high unemployment and alcohol abuse. The budget request includes an increase of $1.4 million which will be used to hire additional social workers and to provide better staff training to alert social workers to the signs of neglect and abuse. The staffing distribution will be determined using standards that have been developed by the states on the appropriate client to social worker ratio.

The budget proposes reductions in the amount available for general assistance (GA) payments. Reviews indicate that we continue to experience a high error rate in certification of eligibility and in the area of overpayments. The quality control staff conducted 30 reviews in 1987. As a follow-up to these reviews, corrective actions have been taken. We anticipate that these measures, along with continued monitoring, will reduce program costs without reducing benefits to those who are eligible for assistance.

It has come to our attention that differing interpretations are being given to the per capita and judgment award payments which can be disregarded as income for the purpose of determining eligibility for general assistance and other benefits. As the differing interpretations exist among several federal agencies (Agriculture, Housing and Urban Development, Veterans Administration, and Health and Human Services), separate legislation will be proposed to clarify the current income disregard provisions.

Existing Bureau regulations provide for a three-year period during which time lease income would not be pro-rated over a 12-month period in determining available income when making a finding of general assistance eligibility. That three year period expires at the end of the current fiscal year. It is, therefore, anticipated that this, too, will contribute to a decline in the general assistance requirements as pro-ration of the lease income will increase the monthly income that is counted as available to the household in eligibility determinations.

In order to improve the employability of general assistance recipients, the Bureau has sought reprogramming of funds in the current year to implement the Employment Assistance Readiness Net demonstration project for six tribally contracted GA programs and for two which are Bureau-operated. Funds in the amount of $2 million are requested in the budget to support the second year of a planned three year project. It is hoped that the information gained from these efforts will provide a basis for redirection of Bureau programs in future years to move individuals from dependency on a welfare program to economic self-sufficiency.

Economic Development

The budget request includes an increase of $6.7 million for maintenance of roads constructed with Highway Trust funds. There is a small decrease of $432,000 for maintenance of other roads. An audit report issued by the Inspector General last December found that the current procedure of allocating road maintenance funds based on tribal priorities was deficient and that changes were required to protect the federal government's investment in reservation roads and highways which would cost an estimated $2 billion to replace.

Based on tribal priority setting, funding available for road maintenance in 1986 ranged from $588 to $2,151 for each mile of road. While some variation is rea-

sonable based on the types of road, climate, and traffic patterns, the IG found that such differences accounted for only a portion of the disparities in funding levels.

Without adequate road maintenance, a greater proportion of funds available from the Highway Trust Fund would have to be spent in reconstructing existing roads, rather than expanding the reservation road network. During the past four years, for example, the Bureau constructed 1,771 miles of road, yet added only 217 miles to our inventory of paved roads -- the rest of the construction was reconstruction required because of inadequate maintenance.

For these reasons and others contained in the Inspector General's audit, we are seeking increased appropriations and have requested that road maintenance be taken off the Indian Priority System so that more adequate maintenance can be performed in all areas.

One major decrease proposed for the Bureau is the deletion of $7 million in the Indian Business Development Grant program. BIA will increase funds for technical assistance to assist tribes and individuals in applying for private sector loans. The loan guaranty program will also be increased to support loans of $11.5 million above the FY 1988 level. This program is open to both tribes and individuals and requires no "in kind" or "matching" funds funds as leverage.

Natural Resources

Under natural resources, additional funds are requested to continue development of the Indian Integrated Resources Inventory Program. This system provides tribal and bureau resource managers with accurate and timely information on the extent, distribution and quality of natural resources for use in making realistic and effective resource management decisions. Data bases have been developed for 73 reservations in seven areas. The concept uses spatial data analysis, remote sensing and existing BIA data systems to provide a systematic approach to natural resources planning and management on Indian lands.

Tribes are taking an increasing interest in agriculture programs, evidenced by the recent establishment of the Intertribal Agriculture Council and a $380,000 increase in the tribe/agency portion of the budget for agriculture. To supplement local efforts, the Bureau is requesting $700,000 to establish agriculture technical assistance centers to assist Indian farmers and ranchers in the areas of agribusiness development, soil conservation, range management, and related activities.

According to a report prepared by the National Indian Agricultural Working Group, agriculture is the leading source of private sector enterprise in Indian country today, with agriculture production on Indian lands valued at more than twice that of all other natural resources combined. In recent years, however, Indian use of Indian lands for agriculture has dropped rapidly and thousands of acres of land are in danger of foreclosure through default. We hope to start to reverse these trends through advice and assistance that can be provided by the technical assistance centers.

The budget transfers the source of funds from the U.S. Fish and Wildlife Service to the Bureau for the hatcheries and technical assistance centers which Congress transferred to FWS in FY 1988. It is our feeling that we can better assist the affected tribes to develop the capabilities for those tribes to contract for these programs if the the funding source remains in the Bureau. FWS will continue to operate the facilities.

Trust Responsibilities

Increased resources are requested for the Land Records Improvement project which will allow the bureau to complete the examination and verification of the backlog of titles and possibly to complete the microfilming of non-cartographic records. During this year and next we will also be giving consideration to the establishment of a single, national titles and records office for the Bureau.

Land ownership and title information is the basic necessity for many essential Bureau programs such as forestry, agriculture, range, administration, minerals,

and leasing. It is used for the distribution of income from oil and gas leases and is required for probate activities and estate distributions.

During fiscal year 1988 the Bureau anticipates that it will select a contractor to improve cash collection and disbursement of trust funds and to improve account reporting to tribes and individual account holders. Funds are requested in fiscal year 1989 for the expected annualized cost of the contract.

Management and Administration

The Department's current schedule for establishing a uniform accounting and payments system calls for the Bureau to convert its operations to the new system by the beginning of the 1990 fiscal year. A total of $1 million is requested in preparation for this conversion which will require training, analysis and documentation of Bureau procedures, and a number of other tasks associated with the system implementation requirements.

Automatic Data Processing

To improve data management and services to the field, the Bureau is embarking on a two-year effort to convert the existing six Information Management Centers to 12 field service centers, each of which will be co-located with an area office. This will substantially enhance the timeliness of reporting and financial information provided to those areas which now must rely on a different office for ADP services. Six Field Service Centers would be established in FY 1989 with the remaining six scheduled for the following year.

Construction

Funds are requested to build a replacement for the St. Francis Indian High School in South Dakota. This will replace the current facilities which are approximately 70 years old. The major portion of the funds requested for facility improvement and repair will continue to be used to address needed work on Bureau schools. The FY 1989 Facilities Improvement and Repair list is being included in the budget justification material, allowing a much earlier review of projected repairs than in prior years.

Based on the Department-wide priorities established by the Dam Safety Task Force, the Bureau has requested $5.5 million to continue work on dams located on reservation lands.

Guaranteed Loans

Based on the Federal Credit Reform proposal, which will be formally transmitted to Congress by the Administration in the near future, funds are requested to support a total Guaranteed Loan program of $45 million, an increase of $11.5 million over the Bureau's 1988 loan program. This program is available to tribes and individuals and has proven to be more economically efficient than the grant mechanism in encouraging reservation economic development.

Conclusion

The foregoing is a brief overview of the fiscal year 1989 budget request for the Bureau of Indian Affairs. While it would be convenient if we were able to provide a single-sentence synopsis of the thrust of this budget, it is not possible. The responsibilities of the Bureau are many and varied and we have attempted to distribute available resources in a manner that will allow us to meet a number of goals and objectives. I will be pleased to respond to questions from the members of the Committee.

TRIBAL DEMONSTRATION PROJECT

Mr. SWIMMER. I will try to give you a brief summary, too, of where we are.

I am very pleased that as a result of some hearings that were held on the House side last year, with the Secretary, myself, and the Solicitor in attendance, we developed a concept which led to what we call the ten tribes initiative, for lack of a better term.

This initiative is the concept of direct funding of the tribal governance program or a similarly stated kind of effort that would permit Indian tribes to receive appropriations from Congress through the Bureau of Indian Affairs based on budgets that the tribes would put together, using the money that Indian tribes presently receive from us for all the categories. In essence, it gives tribes total freedom to program the money that the Federal Government spends on their behalf now.

This development, this initiative, is new. It is the first time, I think, that we have been able to do something like this or to talk about something like this with any Indian tribes, and we found a great receptivity to it by these particular tribes and in fact know of several others that have indicated an interest in pursuing it.

As a result of that, about $1 million was added to the 1988 budget to do some planning for these Indian tribes. That planning is beginning now, and as of today, I believe, we have signed four planning grant agreements with tribes.

For the first time I see an opportunity for a tremendous breakthrough in the way we do business with Indian tribes in the Federal Government.

FISCAL YEAR 1989 HIGHLIGHTS

As far as the rest of the budget, it is pretty much business as usual. There are a few things I would highlight where we are attempting to address some of the problems that the Bureau has had in the past, and some of them have been highlighted as we have seen the news reports.

The Institute for Tribal Government is one that we feel very strongly about. We are bringing about some training, both internally within the Bureau of Indian Affairs and providing some training for those in tribal leadership positions.

The judicial training center is another initiative that we are proposing. That would also help us, we believe, with the training of judges and court clerks and people involved in the judicial process on the reservation.

We have also asked for social services improvement, hiring more caseworkers to help, particularly in child abuse cases. In education, which is the main part of our budget, through the assistance of the new Deputy for Education, we are proposing a concept known in the industry as the effective schools program. We would like to initiate and implement throughout our school system the effective schools model which is present in the public school sector.

We think that there are a lot of things that can be improved in the Bureau Education Program. That effort is getting underway as part of the initial planning effort and the committee has been furnished with a document, and an overview of Indian education, where it is today and how we compare with the rest of the education population.

That document, after it has been reviewed and comments received, will be used as a source document to develop a plan for getting into the effective schools program.

Those are just some highlights, and without getting into any more detail, I think with our time as it is that we should leave it at that. It is my opinion that once again the Bureau of Indian Affairs can decrease its presence in Indian country by transferring, in the true sense of self-determination, more authority to tribes, risk and responsibility, for accomplishment of the necessary goals. We then will be able to achieve those things and that we can begin to break the back of dependence in Indian country.

Until we do that, we are not going to see, I believe, major improvements in Indian country.

With that, I appreciate the time, and I will be happy to answer questions.

INSTITUTE FOR TRIBAL GOVERNMENT

Senator DECONCINI. Thank you, Mr. Swimmer.

Referring to the Institute for Tribal Government, is it your anticipation that if this works out and if the direct funding works out that you refer to along these lines, would you see a decrease in the BIA's number of employees? Have you looked at that?

Mr. SWIMMER. Very much. There would be a decrease in the number of Bureau employees.

Senator DECONCINI. Is that set out in your statement or not?

Mr. SWIMMER. Not specifically.

Senator DECONCINI. Would you make an analysis of that and give us that?

Mr. SWIMMER. I think it would be safe to say that it would be a transition of existing employees, or numbers anyway, to tribes.

Senator DECONCINI. Have you had people in the BIA handling the program—and you make a direct grant to tribes based on their budget. Those people would not be necessary to the Bureau, but somebody is going to have to do it on their side. The Institute of Tribal Government, have you made a selection of where that center would be located?

Mr. SWIMMER. We have proposed that the center be put in Denver. We did visit with several universities, including in Albuquerque, and different sites. The main reason why we have tentatively—and it is not absolute—tentatively selected Denver is the location of the Office of Personnel Management Executive Training Center. We hope to piggyback on the successes they have had there in operating the Executive Training Center for the Federal Government's personnel system.

They have developed a relationship with the University of Colorado which, while it is not directly tied to the university, would offer a lot of opportunities to piggyback on what they are doing and reduce the cost by using existing personnel and university people, also.

Senator DECONCINI. Were the tribes consulted on the location?

Mr. SWIMMER. The tribes haven't been consulted as a group as of yet.

Because we felt the need for this program, for this concept of training was important, particularly within the Bureau of Indian Affairs as well as for tribes, we had proposed a concept, and then we brought in about 15 people, tribal leaders, former tribal leaders, former BIA people to sit down and work through a proposal with us.

We are at that stage of having to put together the proposal. The next step then is to send it out for consultation with the tribes. At that time we will make the final determination as to location, staffing, and changes based on recommendations that come back to us.

Senator DECONCINI. Is there any anticipation of an advisory committee or people that would be available for this institute, to operate this institute?

Mr. SWIMMER. I think there could be. I don't know the details of it, but I don't think that would be objectionable.

COMPLIANCE WITH CONGRESSIONAL REPORTS

Senator DECONCINI. Mr. Swimmer, you know how much in love Congress is with report language around here.

On March 15, the Director of the Office of Management and Budget issued a memorandum for cabinet officers and agency heads in which congressional reports are described as having no force of law.

Furthermore, the Director encourages agencies to:

> Redirect funds not legally required to be used for a particular wasteful, unnecessary, or low priority project to a legally authorized or higher priority project.

In his report accompanying the memorandum, the Director includes several BIA projects, such as Navajo Indian irrigation project, $3.5 million; other Indian irrigation projects, $4.5 million; a Pierre Indian Learning Center in South Dakota, $1.2 million; Honobia Indian road in Oklahoma, $1 million; and various operating programs.

What are BIA's intentions with respect to these programs for the remainder of this fiscal year?

Mr. SWIMMER. I think in some cases we may have already spent some of the money, but in any event, we intend to follow the law.

Senator DECONCINI. Report language in this case notwithstanding?

Mr. SWIMMER. Yes.

Senator DECONCINI. Did you consult the Solicitor at all, or is that just your feeling?

Mr. SWIMMER. I did not consult the Solicitor.

Senator DECONCINI. That is your judgment?

Mr. SWIMMER. That is my judgment.

Senator DECONCINI. How do you reconcile this guidance with the committee's reprogramming guidelines?

Mr. SWIMMER. If we were proposing to spend funds other than in the manner specified by report language, we would send reprogramming proposals to the committees.

Senator DECONCINI. I just want to say as one member that I thank you for doing that. The OMB Director is technically right, that the law and legal opinion is on your side. Certainly, there are strong directives there, and it is justifiable for Congress to explain or express its strong feelings for certain programs.

I appreciate very much your attitude toward this.

SCHOOL CONSTRUCTION

Your budget requests $8.4 million for construction of a new St. Francis Indian High School that would handle 600 students in grades K through 12.

How many students are presently enrolled at this school? Do you know?

Do you want to supply that for the record?

If the funding is approved, will the school be ready for occupation for the 1989–90 schoolyear?

Mr. SWIMMER. We now show 413 students in the school. We would expect to be able to occupy the school as early as the second half of the 1989–90 schoolyear.

Senator DECONCINI. What is the status of obligations for the million dollars for buildings and utilities advanced planning appropriated in fiscal year 1988?

Mr. SWIMMER. None of that money has been obligated yet.

Senator DECONCINI. Will it be?

Mr. SWIMMER. It will be. We are getting into that stage of the planning. We first make the determination of eligible projects, and that is sort of predesign planning that has to go into developing the size of the facility, the potential enrollment, and a lot of studies that have to go down before it. We expect that money to be obligated for that purpose.

GIFTED AND TALENTED PROGRAM

Senator DECONCINI. The committee provided $150,000 in fiscal year 1988 for the gifted and talented program. In fiscal 1989 the Bureau is requesting an additional $250,000, for a total of $400,000.

How is the Bureau spending the fiscal year 1988 funds and what is the $250,000 going to be used specifically for?

Mr. SWIMMER. The money the Bureau spends now on gifted and talented is directed at four pilot projects to see if we could implement a gifted and talented program. Using the experience we have learned there, we anticipate opening up the process to other schools to implement a gifted and talented program.

We don't believe that we have a high percentage of our population who are going to be eligible. We anticipate that we would use the guidelines very similar to what are used in public schools for identifying that class of student, and then the money would be allocated to

schools that have that population and they would be required to design a program to meet the needs of those particular students.

Senator DECONCINI. You really have to determine whether or not the need is there before submitting a new review?

Mr. SWIMMER. That is right.

Senator DECONCINI. Do you already have criteria set up based on the $150,000 in the previous programs?

Mr. SWIMMER. We have some, but we have not closed on the criteria, and we probably will get into a debate about whether we need regulations or not. But we are hoping and really, I think, planning on proceeding along the lines of the criteria that we have established so far and hope to escape going into too much regulation.

Senator DECONCINI. That is a lot of time and money for $400,000.

JOHNSON-O'MALLEY DISTRIBUTION

In fiscal year 1988, the committee requested that the BIA conduct a review and make recommendations on the methods for the distribution of Johnson-O'Malley funds in an equitable manner. The results are to be presented June 1, 1988.

Can you discuss at all your findings to date, and do you expect the report to be on time?

Mr. SWIMMER. I think the report will be on time. I can't comment on the findings.

GENERAL ASSISTANCE

Senator DECONCINI. How about the committee request for a report on the general assistance program that would be submitted by May 15, 1988? Will that report also be timely?

Mr. SWIMMER. I am sure it will be.

SAFETY OF DAMS

Senator DECONCINI. The fiscal year 1989 budget includes $5,510,000 for dam safety work related to the BIA facilities. The budget justification indicates on page 236 that funding for these projects is based on current priorities, determined solely by engineering factors, but that it is possible that nonengineering factors under certain circumstances may influence the order of work as implementation proceeds.

What might these nonengineering factors be?

Mr. SWIMMER. It would be a very rare instance where a nonengineering factor could affect the priority listing. The only one that comes to mind would be a situation where two dams are equally in distress, given all other considerations, but in the intervening period of time perhaps some development downstream would cause a greater loss of life or property if one dam were to give way versus another.

But we are part of the departmental dam safety program now, within the last year, and we are generally sticking very close to the criteria of the engineers to say which dams should be——

Senator DECONCINI. Based on an emergency or something along that line in the determination of the engineers.

Is there a review process should there be a disagreement?

Mr. SWIMMER. Within the Department there is. We have a multidiscipline agency approach to it. Everyone gets to have their input on which dam needs the most work.

Senator DECONCINI. Will you please provide for us the current priority ranking list for the Department's dam safety task force?

Mr. SWIMMER. Yes; I think we have it.

Senator DECONCINI. How many are there?

Mr. SWIMMER. I think we have 400 and some dams altogether.

Senator DECONCINI. 379.

Are these based on priority? Right here Harrison Lake is No. 1?

Mr. SWIMMER. Yes; this is the Department's list.

Senator DECONCINI. I see, sure.

Mr. SWIMMER. We have all pooled our dams together.

Senator DECONCINI. So Ganado on that list would be the first priority as far as the BIA is concerned.

[The information follows:]

DAM SAFETY TECHNICAL PRIORITY RANKING

DOI BASE LIST - BY ENGINEERING FACTORS RANK

RANK	DAM NAME	BUREAU	REGION	ENGINEERING RATING VALUE	PROGRAM STATUS*	ID NUMBER	HAZARD
1	HARRISON LAKE	FWS	R5	670	FDESG	VA90018	HIGH
2	RYNEARSON #1	FWS	R3	625	MDA	WI00825	SIGN
3	GANADO	BIA	NA	580	SRPT	AZ10301	HIGH
4	DEER FLAT	BOR	PN	558	MDA	ID00178	HIGH
5	BLACK ROCK	BIA	AL	535	CAS	NM00145	HIGH
6	MCDONALD	BIA	PO	530	SRPT	MT00590	HIGH
7	DULCE	BIA	AL	530	CAS	NM00186	HIGH
8	LOWER DRY FORK	BIA	PO	520	SRPT	MT00601	HIGH
9	ROSEBUD	BIA	AB	515	SRPT	SD10055	HIGH
10	FISH LAKE	BOR	PN	510	SRPT	CR00021	HIGH
11	ROUND ROCK	BIA	NA	505	EXAM	AZ10305	HIGH
12	COLD SPRINGS	BOR	PN	470	MDA	OR00590	HIGH
13	BONNY	BOR	MB	465	SRPT	CO01300	HIGH
14	SANFORD	BOR	SW	465	EXAM	TX00023	HIGH
15	BUMPING LAKE	BOR	PN	460	SRPT	WA00263	HIGH
16	GREENWOOD LAKE	FWS	R5	460	CAS	MA00855	HIGH
17	CROW CREEK	BIA	AB	450	SRPT	SD00714	SIGN
18	EQUALIZER	BIA	PO	450	EXAM	ID00203	HIGH
19	WEBER	BIA	PH	450	SRPT	NV01032	HIGH
20	ALTUS	BOR	SW	445	MODRP	OK02500	HIGH
21	ATKINSON	BOR	UC	445	SRPT	CO10008	SIGN
22	MANY FARMS	BIA	NA	445	SRPT	AZ10304	HIGH
23	OGLALA	BIA	AB	445	SRPT	SD00969	HIGH
24	STANDING ROCK #1	BIA	AB	445	SRPT	SD00734	HIGH
25	TUPA STONE	BIA	PH	445	SRPT	AZ10407	HIGH
26	CAPTAIN TOM	BIA	NA	435	EXAM	NM00286	HIGH
27	PABLO	BIA	PO	430	SRPT	MT00592	HIGH
28	TETON DAM	BLM	WY	430	EXAM	WY01478	SIGN
29	LAKE ALICE 1	BOR	MB	425	SRPT	NE01071	HIGH
30	HE DOG	BIA	AB	420	SRPT	SD02144	HIGH
31	PICACHO	BIA	PH	420	EXAM	AZ10435	HIGH
32	RYE PATCH	BOR	MP	420	SRPT	NV10124	HIGH
33	LAKE DARLING	FWS	R6	415	MDA	ND00332	HIGH
34	SANDBEACH	NPS	RM	415	SRPT	CO01777	SIGN
35	CUTTER	BOR	SW	410	EXAM	NM00121	SIGN
36	JOES VALLEY	BOR	UC	410	SRPT	UT10124	HIGH
37	LAKE ILO	FWS	R6	410	EXAM	ND00321	HIGH
38	LITTLE ROBBER DET DAM	BLM	WY	410	EXAM	WY01475	SIGN
39	RICKS ESTATE	NPS	SW	410	SRPT	AR01323	SIGN
40	SENATOR WASH	BOR	LC	410	SRPT	CA10185	HIGH
41	UPPER DRY FORK	BIA	PO	410	SRPT	MT00600	HIGH
42	BLACK LAKE	BIA	PO	405	SRPT	MT00587	HIGH
43	CAUSEY	BOR	UC	405	SRPT	UT10116	HIGH
44	LITTLE SAGE CREEK DAM	BLM	WY	405	EXAM	WY01479	SIGN
45	ACOMITA	BIA	AL	400	EXAM	NM00153	HIGH
46	LAKE MESCALERO	BIA	AL	400	CAS	NM00161	HIGH
47	BOX BUTTE	BOR	MB	395	MDA	NE01069	SIGN
48	RAY LAKE	BIA	BI	390	EXAM	WY01399	SIGN
49	A. R. BOWMAN	BOR	PN	385	SRPT	OR00579	HIGH
50	CLARK CANYON	BOR	MB	385	SRPT	MT00569	HIGH
51	COTTONWOOD LAKE 2	BOR	UC	385	SRPT	CO10015	SIGN
52	LAKE TAHOE	BOR	MP	385	CAS	CA10162	HIGH
53	MANZANITA LAKE	NPS	W	385	EXAM	CA10266	SIGN
54	WICKIUP	BOR	PN	380	MDA	OR10022	HIGH
55	GLACIER NO. 1	NPS	RM	375	SRPT	CO01907	SIGN
56	JOCKO	BIA	PO	375	EXAM	MT00602	SIGN
57	SUMNER	BOR	SW	375	EXAM	NM00130	HIGH
58	LOWER MUNDO	BIA	AL	370	EXAM	NM00190	HIGH
59	MEEKS CABIN	BOR	UC	370	SRPT	WY01390	HIGH
60	PARMELEE	BIA	AB	370	SRPT	SD02143	HIGH
61	WASHAKIE	BIA	BI	370	SRPT	WY01398	HIGH
62	WHITE CLAY	BIA	AB	370	SRPT	SD00965	HIGH
63	INDIAN LAKE	BIA	PO	365	EXAM	OR10023	SIGN
64	SCOFIELD	BOR	UC	365	SRPT	UT10133	HIGH
65	WILLOW CREEK UM	BOR	MB	365	SRPT	MT00749	HIGH
66	EDEN	BOR	UC	360	EXAM	WY01388	HIGH
67	JACKSON GULCH	BOR	UC	360	EXAM	CO01685	HIGH
68	WASCO	BOR	PN	360	SRPT	OR00326	HIGH
69	CABALLO	BOR	SW	355	SRPT	NM00131	HIGH
70	FOLSOM	BOR	MP	355	SRPT	CA10148	HIGH
71	MANN CREEK	BOR	PN	355	SRPT	ID00285	HIGH
72	NUCLEAR LAKE	NPS	NA	350	EXAM	NY00871	HIGH
73	OCHOCO	BOR	PN	345	SRPT	OR00098	HIGH
74	PICACHO NORTH	BOR	SW	345	EXAM	NM00012	HIGH
75	PICACHO SOUTH	BOR	SW	345	EXAM	NM00011	HIGH
76	SHADEHILL	BOR	MB	345	EXAM	SD01141	HIGH
77	BONNEAU	BIA	BI	340	SRPT	MT01054	HIGH
78	LOWER BLUE MOUNTAIN LAKE	NPS	NA	340	SRPT	NJ00531	SIGN
79	NORBECK	NPS	RM	340	SRPT	SD02198	SIGN
80	PONCA	BIA	AB	340	SRPT	SD00545	HIGH
81	BOYSEN	BOR	MB	335	SRPT	WY01299	HIGH
82	PALMETTO BEND	BOR	SW	335	EXAM	TX10010	SIGN
83	NINEPIPE	BIA	PO	330	EXAM	MT00591	SIGN
84	OWYHEE	BOR	PN	330	EXAM	OR00582	HIGH

RANK	DAM NAME	BUREAU	REGION	ENGINEERING RATING VALUE	PROGRAM STATUS	ID NUMBER	HAZARD
85	BULL LAKE	BOR	MB	325	SRPT	WY01378	SIGN
86	FOSS	BOR	SW	325	MDA	OK02503	HIGH
87	PEAR	NPS	RM	325	SRPT	C000170	SIGN
88	STARVATION	BOR	UC	320	EXAM	UT30015	HIGH
89	TWIN BUTTES	BOR	SW	320	MDA	TX00022	HIGH
90	COMO	BOR	PN	315	EXAM	MT00564	HIGH
91	LONG PINE LAKE	NPS	NA	315	SRPT	NJ00283	SIGN
92	WHITSELL	NPS	MA	315	SRPT	PA10020	SIGN
93	BLUEBIRD	NPS	RM	310	SRPT	C001197	SIGN
94	CROW	BIA	PC	310	SRPT	MT00593	HIGH
95	DAM NO. 13	BOR	SW	310	EXAM	NM10012	SIGN
96	FONTENELLE	BOR	UC	310	MODRP	WY01389	HIGH
97	LEMON	BOR	UC	310	SRPT	C001688	HIGH
98	PAONIA	BOR	UC	310	SRPT	C001691	HIGH
99	BASS LAKE	NPS	SE	305	SRPT	NC00251	HIGH
100	DAM #328	FWS	R6	305	EXAM	ND00328	SIGN
101	DAM #332	FWS	R6	305	EXAM	ND00327	SIGN
102	DAM #341	FWS	R6	305	EXAM	ND00326	SIGN
103	DAM #357	FWS	R6	305	EXAM	ND00325	SIGN
104	KEYHOLE	BOR	MB	305	EXAM	WY01380	SIGN
105	UMBARGER	FWS	R2	305	MDA	TX00026	HIGH
106	WHEATFIELDS	BIA	NA	305	SRPT	AZ10306	HIGH
107	KEHOE RANCH	NPS	W	300	SRPT	CA10259	SIGN
108	EL VADO	BOR	SW	295	SRPT	NM10008	HIGH
109	HOME RANCH	NPS	W	295	SRPT	CA10251	SIGN
110	MCKAY	BOR	PN	295	SRPT	OR00583	HIGH
111	NORTON	BOR	MB	295	EXAM	KS00024	HIGH
112	DAM #320	FWS	R6	290	EXAM	ND00329	SIGN
113	DEAVER	BOR	MB	290	EXAM	WY01379	SIGN
114	ENCINO DET DAM NO. 49	BLM	NM	290	EXAM	NM00034	SIGN
115	LOST CREEK	BOR	UC	290	EXAM	UT10125	HIGH
116	TRENTON	BOR	MB	290	SRPT	NE01078	HIGH
117	CASH LAKE	FWS	R5	285	EXAM	MD10007	SIGN
118	CRAB ORCHARD	FWS	RJ	285	CAS	IL00083	HIGH
119	DEADWOOD	BOR	PN	285	EXAM	ID00284	HIGH
120	HORSESHOE	BOR	LC	285	MODRP	AZ10310	HIGH
121	STEINAKER	BOR	UC	285	SRPT	UT10113	HIGH
122	JAMESTOWN	BOR	MB	280	SRPT	ND00151	HIGH
123	MEDICINE CREEK	BOR	MB	280	EXAM	NE01073	HIGH
124	TROUT LAKE	NPS	SE	280	SRPT	NC00253	SIGN
125	UPPER BLUE MOUNTAIN LAKE	NPS	NA	280	SRPT	NJ00530	SIGN
126	FORT COBB	BOR	SW	275	SRPT	OK02502	HIGH
127	MINATARE	BOR	MB	275	SRPT	NE01075	HIGH
128	SANTA ANA	BIA	AL	275	SRPT	NM00194	HIGH
129	SNYDER CREEK DET.	BLM	WY	275	EXAM	WY01424	HIGH
130	STUBBLEFIELD	BOR	SW	275	EXAM	NM00124	SIGN
131	TABOR	BIA	PO	275	SRPT	MT00588	HIGH
132	ARBUCKLE	BOR	SW	270	SRPT	OK02501	HIGH
133	CRANE PRAIRIE	BOR	PN	270	SRPT	OR00279	HIGH
134	ENDERS	BOR	MB	270	EXAM	NE01070	HIGH
135	LA JARA	BIA	AL	270	OTHR	NM00188	SIGN
136	LAKE ALICE 1-1/2	BOR	MB	270	SRPT	NE10009	HIGH
137	LAKE THIBADEAU DIV DAM	FWS	R6	270	OTHR	MT00283	SIGN
138	NAVAJO	BOR	UC	270	MODRP	NM00120	HIGH
139	PINEVIEW	BOR	UC	270	EXAM	UT10132	HIGH
140	WILLWOOD DIVERSION	BOR	MB	270	EXAM	WY01382	HIGH
141	ALCOVA	BOR	MB	265	SRPT	WY01290	HIGH
142	CHENEY	BOR	SW	265	EXAM	KS00017	HIGH
143	HUBBART	BIA	PO	265	SRPT	MT00599	HIGH
144	LAKE ELMER THOMAS	FWS	R2	265	EXAM	OK00466	HIGH
145	LEWISTON	BOR	MP	265	EXAM	CA10165	HIGH
146	RYNEARSON #2	FWS	RJ	265	EXAM	WI00826	SIGN
147	SILVER JACK	BOR	UC	265	SRPT	C001693	HIGH
148	ANGOSTURA	BOR	MB	260	MDA	SD01099	HIGH
149	GRAY REEF	BOR	MB	260	EXAM	WY01292	SIGN
150	HIDDEN LAKE	NPS	MA	260	SRPT	PA00989	SIGN
151	LAKE JED JOHNSON	FWS	RJ	260	EXAM	OK00464	SIGN
152	PATHFINDER	BOR	MB	260	SRPT	WY01298	HIGH
153	RED LAKE	BIA	NA	260	SRPT	NM00151	HIGH
154	CLEAR LAKE	BOR	MP	255	SRPT	CA10141	HIGH
155	GRANBY	BOR	MB	255	EXAM	C001656	HIGH
156	GREEN MOUNTAIN	BOR	MB	255	EXAM	C001658	HIGH
157	KEECHELUS	BOR	PN	255	EXAM	WA00265	HIGH
158	LITTLE WOOD RIVER	BOR	PN	255	EXAM	ID00041	HIGH
159	O'NEILL FOREBAY	BOR	MP	255	MDA	CA10172	HIGH
160	PISHKUN DIKES	BOR	MB	255	EXAM	MT00575	SIGN
161	PLATORO	BOR	SW	255	SRPT	C001671	HIGH
162	TWITCHELL	BOR	MP	255	SRPT	CA10197	HIGH
163	UPPER PAHRANAGAT	FWS	R1	255	EXAM	NV10125	SIGN
164	WIND RIVER DIVERSION	BOR	MB	255	EXAM	WY01383	SIGN
165	BIG CREEK	BOR	UC	250	SRPT	C010007	SIGN
166	BOTTLE HOLLOW	BIA	PH	250	EXAM	UT10134	HIGH
167	CARTER LAKE	BOR	MB	250	EXAM	C001650	HIGH
168	COOLIDGE	BIA	PH	250	EXAM	AZ20005	HIGH
169	COTTONWOOD LAKE 1	BOR	UC	250	SRPT	C010014	HIGH
170	FOURMILE LAKE	BOR	PN	250	EXAM	OR10011	SIGN
171	LITTLE WHITE RIVER	FWS	R6	250	SRPT	SD00982	SIGN
172	MCKINNEY LAKE	FWS	R4	250	EXAM	NC00651	SIGN

RANK	DAM NAME	BUREAU	REGION	ENGINEERING RATING VALUE	PROGRAM STATUS	ID NUMBER	HAZARD
173	MERRITT	BOR	MB	250	MOA	NE01074	SIGN
174	PEAKS OF OTTER	NPS	MA	250	SRPT	VA01901	HIGH
175	SHADOW MOUNTAIN	BOR	MB	250	EXAM	CO01666	HIGH
176	STEWART MOUNTAIN	BOR	LC	250	MODRP	AZ10318	HIGH
177	TSAILE	BIA	NA	250	SRPT	AZ10303	HIGH
178	BRADBURY	BOR	MP	245	MOA	CA10136	HIGH
179	CHOKE CANYON	BOR	SW	245	EXAM	TX10007	HIGH
180	CONCONULLY	BOR	PN	245	EXAM	WA00259	HIGH
181	ERIE POOL #9	FWS	RS	245	EXAM	PA00852	SIGN
182	LOVEWELL	BOR	MB	245	EXAM	KS00023	HIGH
183	MORROW POINT	BOR	UC	245	EXAM	CO01689	HIGH
184	PARKER	BOR	LC	245	EXAM	AZ10312	HIGH
185	TRINITY	BOR	MP	245	SRPT	CA10196	HIGH
186	YELLOWTAIL	BOR	MB	245	EXAM	MT00576	HIGH
187	BIG TANK DETENTION	BLM	AZ	240	EXAM	AZ10345	SIGN
188	CLE ELUM	BOR	PN	240	EXAM	WA00274	HIGH
189	DEER CREEK	BOR	UC	240	EXAM	UT10117	HIGH
190	DODSON DIVERSION	BOR	MB	240	EXAM	MT00583	SIGN
191	ECHO	BOR	UC	240	EXAM	UT10120	HIGH
192	FRESNO	BOR	MB	240	EXAM	MT00570	HIGH
193	GLEN ELDER	BOR	MB	240	EXAM	KS00021	HIGH
194	GRAMA LAKE	FWS	R2	240	EXAM	OK02505	SIGN
195	KIRWIN	BOR	MB	240	EXAM	KS00022	HIGH
196	MINIDOKA	BOR	PN	240	SRPT	ID00275	HIGH
197	RUEDI	BOR	MB	240	EXAM	CO01664	HIGH
198	SAVAGE RAPIDS DIVERSION	BOR	PN	240	EXAM	OR00290	SIGN
199	TIETON	BOR	PN	240	SRPT	WA00273	HIGH
200	TWIN LAKES	BOR	MB	240	EXAM	CO10058	HIGH
201	VEGA	BOR	UC	240	EXAM	CO01697	HIGH
202	A. V. WATKINS	BOR	UC	235	EXAM	UT10112	HIGH
203	BOISE RIVER DIV.	BOR	PN	235	EXAM	ID00281	HIGH
204	GLENDO	BOR	MB	235	EXAM	WY01291	SIGN
205	HYRUM	BOR	UC	235	MOA	UT10123	HIGH
206	PALISADES	BOR	PN	235	SRPT	ID00273	HIGH
207	PILOT BUTTE	BOR	MB	235	EXAM	WY01381	SIGN
208	RED WILLOW	BOR	MB	235	EXAM	NE01078	SIGN
209	SALMON LAKE	BOR	PN	235	EXAM	WA00291	HIGH
210	ASAAYI	BIA	NA	230	SRPT	NM00385	HIGH
211	LAKE BEE	FWS	R4	230	EXAM	SC10005	SIGN
212	LAKE SUCCESS	NPS	NA	230	SRPT	NJ00829	HIGH
213	PINTO	BOR	PN	230	EXAM	WA00269	HIGH
214	REACH 11 FLOOD DD	BOR	LC	230	EXAM	AZ20007	HIGH
215	TIBER	BOR	MB	230	EXAM	MT00579	HIGH
216	UNITY	BOR	PN	230	EXAM	OR00593	HIGH
217	WANSHIP	BOR	UC	230	EXAM	UT10131	HIGH
218	WEBSTER	BOR	MB	230	EXAM	KS00035	SIGN
219	CEDAR BLUFF	BOR	MB	225	EXAM	KS00019	HIGH
220	CLEAR CREEK	BOR	PN	225	EXAM	WA00264	HIGH
221	DAVIS	BOR	LC	225	EXAM	AZ10309	SIGN
222	DENMARK WASH DAM	BLM	UT	225	EXAM	UT10118	SIGN
223	GUERNSEY	BOR	MB	225	SRPT	WY01293	HIGH
224	HOOVER	BOR	LC	225	EXAM	NV10122	HIGH
225	HUNTINGTON NORTH	BOR	UC	225	SRPT	UT10122	HIGH
226	LITTLE GRASSY	FWS	R3	225	CAS	IL00084	HIGH
227	LITTLE PANOCHE DET.	BOR	MP	225	MOA	CA10166	HIGH
228	MIDVIEW	BOR	UC	225	SRPT	UT10126	HIGH
229	OLYMPUS	BOR	MB	225	MOA	CO01662	HIGH
230	RIFLE GAP	BOR	UC	225	EXAM	CO01692	HIGH
231	TAYLOR PARK	BOR	UC	225	EXAM	CO00151	HIGH
232	THREE MILE FALLS DIVER.	BOR	PN	225	EXAM	OR00588	SIGN
233	VETERANS	NPS	SW	225	SRPT	OK30000	SIGN
234	AVALON	BOR	SW	220	SRPT	NM00132	HIGH
235	ELGO	BIA	PH	220	SRPT	AZ10446	HIGH
236	LOWER PINE LAKE	FWS	R1	220	EXAM	WA00317	SIGN
237	MASON	BOR	PN	220	EXAM	OR00577	HIGH
238	MOON LAKE	BOR	UC	220	SRPT	UT10128	HIGH
239	NELSON DIKES	BOR	MB	220	EXAM	MT00574	HIGH
240	NEVERSWEAT	BOR	UC	220	SRPT	CO10045	SIGN
241	BLACK CANYON DIV.	BOR	PN	215	COMP	ID00282	HIGH
242	CRYSTAL	BOR	UC	215	EXAM	CO00387	HIGH
243	KACHESS	BOR	PN	215	EXAM	WA00260	HIGH
244	KEENE CREEK	BOR	PN	215	EXAM	OR00591	SIGN
245	KICKING HORSE	BIA	PO	215	EXAM	MT00594	SIGN
246	LAKE RUSH	FWS	R2	215	EXAM	OK00467	SIGN
247	LUCERO DIKE	BOR	SW	215	EXAM	NM00010	SIGN
248	MISSION	BIA	PO	215	SRPT	MT00589	HIGH
249	STATELINE	BOR	UC	215	EXAM	WY10014	HIGH
250	YELLOWTAIL AFTERBAY	BOR	MB	215	EXAM	MT00582	SIGN
251	IMPERIAL DIVERSION	BOR	LC	210	EXAM	CA10159	SIGN
252	NAMBE FALLS	BOR	SW	210	EXAM	NM00412	HIGH
253	NORMAN	BOR	SW	210	EXAM	OK30016	HIGH
254	ROZA DIVERSION	BOR	PN	210	EXAM	WA00275	HIGH
255	SEMINOE	BOR	MB	210	EXAM	WY01297	HIGH
256	THIEF VALLEY	BOR	PN	210	EXAM	OR00592	HIGH
257	ANCHOR	BOR	MB	205	EXAM	WY01298	HIGH
258	ANITA	BOR	MB	205	EXAM	MT00567	SIGN
259	BOCA	BOR	MP	205	SRPT	CA10135	HIGH
260	COMANCHE LAKE	FWS	R2	205	CAS	OK10733	SIGN

RANK	DAM NAME	BUREAU	REGION	ENGINEERING RATING VALUE	PROGRAM STATUS	ID NUMBER	HAZARD
261	COTTONWOOD LAKE 4	BOR	UC	205	SRPT	CO10016	SIGN
262	COTTONWOOD LAKE 5	BOR	UC	205	SRPT	CO10017	SIGN
263	GRASSY LAKE	BOR	PN	205	EXAM	WY01384	HIGH
264	LAMONTAN	BOR	MP	205	SRPT	NV10123	HIGH
265	LOS BANOS DET.	BOR	MP	205	MOA	CA10167	HIGH
266	MARYS LAKE DIKE	BOR	MB	205	EXAM	CO01660	HIGH
267	SUN RIVER DIVERSION	BOR	MB	205	EXAM	MT00585	SIGN
268	WILD HORSE	BIA	PN	205	SRPT	NV20009	HIGH
269	CASITAS	BOR	MP	200	MOA	CA10139	HIGH
270	CRAWFORD	BOR	UC	200	EXAM	CO00556	HIGH
271	DIXON CANYON	BOR	MB	200	MODRP	CO01653	HIGH
272	GRAND COULEE	BOR	PN	200	EXAM	WA00262	HIGH
273	KORTES	BOR	MB	200	EXAM	WY01294	HIGH
274	MARSHALL FORD	BOR	SW	200	EXAM	TX10009	HIGH
275	MOUNTAIN PARK	BOR	SW	200	EXAM	OK20502	HIGH
276	O'SULLIVAN	BOR	PN	200	SRPT	WA00288	HIGH
277	SUGAR LOAF	BOR	MB	200	EXAM	CO01669	HIGH
278	BIG SANDY	BOR	UC	195	COMP	WY01387	HIGH
279	CANYON FERRY	BOR	MB	195	EXAM	MT00588	HIGH
280	EAST PARK	BOR	MP	195	SRPT	CA10145	HIGH
281	FLAMING GORGE	BOR	UC	195	EXAM	UT10121	HIGH
282	HAYSTACK	BOR	PN	195	EXAM	OR00287	HIGH
283	HYATT	BOR	PN	195	EXAM	OR10013	HIGH
284	MORMON FLAT	BOR	LC	195	MODRP	AZ10313	HIGH
285	MT ELBERT FOREBAY	BOR	MB	195	EXAM	CO00446	HIGH
286	FLATIRON	BOR	MB	190	EXAM	CO01654	HIGH
287	HORSE MESA	BOR	LC	190	MODRP	AZ10311	HIGH
288	JESSUP MILL POND	FWS	R6	190	EXAM	MT03425	HIGH
289	RATTLESNAKE	BOR	MB	190	EXAM	CO01663	HIGH
290	VALLECITO	BOR	UC	190	EXAM	CO01695	SIGN
291	WARM SPRINGS	BOR	PN	190	SRPT	OR00082	HIGH
292	WILLOW CREEK LK	BOR	MB	190	EXAM	CO01670	SIGN
293	ELEPHANT BUTTE	BOR	SW	185	SRPT	NM00129	HIGH
294	MUSKRAT	FWS	R6	185	OTHR	CO10059	SIGN
295	RESERVOIR A	BOR	PN	185	EXAM	ID00261	HIGH
296	SPRAGUE LAKE	NPS	RM	185	SRPT	CO10005	SIGN
297	SPRING CANYON	BOR	MB	185	MODRP	CO01668	HIGH
298	BELLE FOURCHE	BOR	MB	180	MOA	SD01100	HIGH
299	ARROWROCK	BOR	PN	175	SRPT	ID00280	HIGH
300	BEAR GULCH	NPS	W	175	SRPT	CA10267	SIGN
301	BLUE MESA	BOR	UC	175	SRPT	CO01675	HIGH
302	FRIANT	BOR	MP	175	SRPT	CA10154	HIGH
303	GLEN CANYON	BOR	UC	175	SRPT	AZ10307	HIGH
304	LOWER TWO MEDICINE	BIA	BI	175	EXAM	MT10016	HIGH
305	BARTLETT	BOR	LC	170	MODRP	AZ10308	HIGH
306	BULLY CREEK	BOR	PN	170	SRPT	OR00578	HIGH
307	CURRANT CREEK	BOR	UC	170	SRPT	UT10149	HIGH
308	HOWARD PRAIRIE	BOR	PN	170	EXAM	OR00580	HIGH
309	SCOGGINS	BOR	PN	170	EXAM	OR10020	HIGH
310	THEODORE ROOSEVELT	BOR	LC	170	MODRP	AZ10317	HIGH
311	WHISKEYTOWN	BOR	MP	170	SRPT	CA10204	HIGH
312	AGENCY VALLEY	BOR	PN	165	EXAM	OR00589	HIGH
313	EAST CANYON	BOR	UC	165	EXAM	UT10119	HIGH
314	BONHAM	BOR	UC	160	SRPT	CO10012	SIGN
315	GLEN ANNE	BOR	MP	160	SRPT	CA10156	HIGH
316	HELENA VALLEY	BOR	MB	160	COMP	MT00743	SIGN
317	HORSETOOTH	BOR	MB	160	MODRP	CO01659	HIGH
318	PUEBLO	BOR	MB	160	SRPT	CO00299	HIGH
319	SHERMAN	BOR	MB	160	MOA	NE01077	HIGH
320	CRESCENT LAKE	BOR	PN	155	EXAM	OR00381	HIGH
321	DORRIS	FWS	R1	155	EXAM	CA10144	HIGH
322	HERON	BOR	SW	155	SRPT	NM00122	HIGH
323	MONTICELLO	BOR	MP	155	SRPT	CA10170	HIGH
324	NORTH	BOR	PN	155	EXAM	WA10005	HIGH
325	RED FLEET	BOR	UC	155	EXAM	UT20012	HIGH
326	SOLDIER CANYON	BOR	MB	155	MODRP	CO01667	HIGH
327	ANDERSON RANCH	BOR	PN	150	SRPT	ID00279	HIGH
328	DRY FALLS	BOR	PN	150	EXAM	WA00261	HIGH
329	HUNGRY HORSE	BOR	PN	150	EXAM	MT00565	HIGH
330	NIMBUS	BOR	MP	150	EXAM	CA10174	HIGH
331	PROSSER CREEK	BOR	MP	150	SRPT	CA10179	HIGH
332	AMERICAN FALLS	BOR	PN	145	EXAM	ID00274	HIGH
333	CASCADE	BOR	PN	145	EXAM	ID00283	HIGH
334	EASTON DIVERSION	BOR	PN	145	EXAM	WA00276	HIGH
335	AGATE	BOR	PN	140	EXAM	OR00423	HIGH
336	DICKINSON	BOR	MB	140	EXAM	ND00148	HIGH
337	GERBER	BOR	MP	140	EXAM	OR00584	HIGH
338	LAURO	BOR	MP	140	SRPT	CA10164	HIGH
339	SOLDIER CREEK	BOR	UC	140	SRPT	UT10135	HIGH
340	WILLOW CREEK BIA	BIA	BI	140	SRPT	MT00983	HIGH
341	CARPINTERIA	BOR	MP	135	EXAM	CA10138	HIGH
342	EMIGRANT	BOR	PN	135	EXAM	OR00581	HIGH
343	DEVILS KITCHEN	FWS	R3	125	FDESG	IL00085	SIGN
344	ORTEGA	BOR	MP	120	SRPT	CA10176	HIGH
345	SAN LUIS	BOR	MP	120	COMP	CA10183	HIGH
346	ISLAND PARK	BOR	PN	115	COMP	ID00272	HIGH
347	LINK RIVER DIVERSION	BOR	MP	115	EXAM	OR00557	SIGN
348	KESWICK	BOR	MP	110	SRPT	CA10160	HIGH

RANK	DAM NAME	BUREAU	REGION	ENGINEERING RATING VALUE	PROGRAM STATUS	ID NUMBER	HAZARD
349	LAKE SHERBURNE	BOR	MB	110	COMP	MT00572	HIGH
350	RIRIE	BOR	PN	105	EXAM	ID00344	HIGH
351	SHASTA	BOR	MP	105	SRPT	CA10186	HIGH
352	CONTRA LOMA	BOR	MP	100	COMP	CA10143	HIGH
353	HUBBARD	BOR	PN	100	EXAM	ID00378	HIGH
354	HEADGATE ROCK	BIA	PH	095	SRPT	AZ10437	SIGN
355	MARTINEZ	BOR	MP	095	SRPT	CA10168	HIGH
356	NEW MELONES	BOR	MP	095	EXAM	CA10246	HIGH
357	FRUITGROWERS	BOR	UC	080	CONST	C001683	HIGH
358	PACTOLA	BOR	MB	080	CONST	SD01139	HIGH
359	BUFFALO BILL	BOR	MB	075	NDA	WY01300	HIGH
360	STONY GORGE	BOR	MP	070	COMP	CA10194	HIGH
361	TAT MOMOLIKOT	BIA	PH	065	SRPT	AZ10008	SIGN
362	DEERFIELD	BOR	MB	055	COMP	SD01138	HIGH
363	GIBSON	BOR	MB	050	COMP	MT00571	SIGN
364	HEART BUTTE	BOR	MB	040	CONST	ND00148	HIGH
365	SLY PARK	BOR	MP	030	NDA	CA10187	HIGH
366	STAMPEDE	BOR	MP	025	COMP	CA10192	HIGH
367	BIG MEADOWS	BOR	UC	009	OTHR	C010008	SIGN
368	BLUE CANYON	BIA	NA	009	OTHR	AZ20006	HIGH
369	FORKED TREE DET DAM	BLM	NM	009	OTHR	NM30113	SIGN
370	GILL RESERVOIR	BLM	CO	009	OTHR	C001634	SIGN
371	GRANITE REEF DIVERSION	BOR	LC	009	OTHR	AZ10316	SIGN
372	KITSON	BOR	UC	009	OTHR	C010032	SIGN
373	LAGUNA DIVERSION	BOR	LC	009	OTHR	CA20037	SIGN
374	MCMILLAN	BOR	SW	009	OTHR	NM00133	HIGH
375	PALO VERDE DIVERSION	BOR	LC	009	OTHR	AZ10314	SIGN
376	BLACKFOOT	BIA	PO	000	CONST	ID00204	HIGH
377	JACKSON LAKE	BOR	PN	000	CONST	WY01385	HIGH
378	NEWTON	BOR	UC	000	CONST	UT10129	HIGH
379	SOLDIERS MEADOW	BOR	PN	000	CONST	ID10002	HIGH

IRRIGATION DRAINAGE

Senator DECONCINI. The Bureau is requesting 600,000 in fiscal year 1989 to address one problem, the Pine River irrigation project, of 11 identified as having possible irrigation-induced water quality problems.

How does BIA plan to address existing problems at the other 10 sites?

Mr. SWIMMER. We are now in the process of studying the sites through the Department field study team. All of the irrigation drainage work is similar to the work on dam safety. We have a departmental irrigation task force that is reviewing all of our systems, the Bureau of Indian Affairs and others, and these 10 sites are included in that for review of any problems in water quality.

Senator DECONCINI. How do the activities in this area relate to the Department's irrigation and drainage task force?

Mr. SWIMMER. It is all wrapped into it. It is part of it.

FISH HATCHERY OPERATIONS AND MAINTENANCE

Senator DECONCINI. I notice that the fiscal year 1988 appropriations direct the transfer of BIA's fish hatcheries to the Fish and Wildlife Service.

Has the Fish and Wildlife Service contracted with the tribes for management of these hatcheries?

Mr. SWIMMER. No.

Senator DECONCINI. Will this occur this year or next year?

Mr. SWIMMER. The contracting?

Senator DECONCINI. Yes.

Mr. SWIMMER. It can, but it is because we have proposed transferring these fish hatcheries back to the Bureau of Indian Affairs.

Senator DECONCINI. You are proposing transferring these hatcheries back to the BIA for 1989?

Mr. SWIMMER. This was an interdepartmental decision that the Fish and Wildlife Service would just as soon us have the responsibility for these hatcheries.

Senator DECONCINI. Do you want the responsibility? [Laughter.]

Mr. SWIMMER. Well, I am willing to accept the responsibility. It is not the most desirable, I suppose.

Senator DECONCINI. Is it better for you if they stay as directed in the fiscal year 1988 appropriation?

Mr. SWIMMER. Not necessarily. I think it could be looked at either way. There are difficulties within the Department in actually contracting out programs to tribes when other agencies get involved. I think we cleared the issue that it can be done.

For instance, if the tribes were interested in contracting under a 638 concept for the operation of these fish hatcheries, it is better to have them under the Bureau of Indian Affairs because we are used to dealing with 638 contracts.

But most of these tribes have not contracted in the past. The tribes have asked that they be in Fish and Wildlife. Fish and Wildlife feels

like they are better under our budget because we operate on the reservations. So we have agreed to accept them and operate them and make them available if tribes want to contract. They are in our budget.

That is really a neutral issue on the budget. It is just an issue of whose budget they happen to be in.

SOCIAL SERVICES

Senator DECONCINI. Mr. Secretary, let me address some health problems on the reservations.

A number of the tribes in my State have identified the need to establish protective services units within their social service programs. They estimate that there has been a 300-percent increase in referrals to social service programs from 1984 to 1987. This experience is not unique to the Indian tribes in my State. I am advised that other tribes around the country report similar experiences.

The Tohono O'Odham have calculated that they would need an additional $100,000 added to their social service contracts so they can respond to this problem.

How does the BIA's social service budget in the current year respond to this critical need? What kind of support can the tribes expect from the BIA in 1989?

Mr. SWIMMER. We have proposed in this year's budget an additional $1,300,000 to address the specific issue of child welfare. What this would amount to is approximately 80 FTE would be added to work on just the child welfare caseload problem.

We see this as a growing concern, also. In fact, I would say that based on the information that has come to me in the last few months that we are reaching epidemic proportions.

Gratuitously, I would throw in at this hearing that I think there are some concerns—certainly I have some concerns—concerning the effect and the implementation of the Indian Child Welfare Act in this regard.

I only bring it up to alert this committee that I think there is a serious problem that authorizing committees need to look at in that regard.

We have several instances where the implementation of that law is putting children back into homes that were abusive and in some cases resulted in death. Child abuse, both sexual and physical, is increasing at a rapid rate on the reservations, obviously due to all of the other psychological factors that are out there.

But we consider it a serious problem. We are trying to get a handle on this. We have several teams that are working on developing some guidelines, some review of personnel regulations, particularly through the schools, and an increase in the budget is being asked for specifically on this issue and I think we will probably be looking at more next year. We consider it a very serious problem.

Senator DECONCINI. I have a number of other questions, but I yield to the Senator from Nevada, if he wants to ask any questions.

Senator REID. Thank you very much, Mr. Chairman.

I apologize for being late. We had a markup in the Environment and Public Works Committee.

Mr. Chairman, I appreciate your allowing me to take a few minutes to ask some questions I would like to also state for the record, because it is probably the last time I will get to do this, Mr. Swimmer, what a pleasure it has been to work with you on the problems related to Nevada over the past several years.

I wish all people in the administration had the same attitude and were as available as you have been. I appreciate that tremendously. It is a real good goal for other people in public service.

In Nevada I was recently made aware of something that has caused some tremendous problems, and that relates to the budgeting procedures that were used in developing the 1989 budget for some affected tribes in eastern Nevada.

As it has been explained to me, the tribes in that area usually get together and develop among themselves a budget package that reflects overall priorities and reflects their own priorities. The tribes work with the Bureau to pare down the request as necessary to meet the budget-cutting lines.

Apparently, this year one tribe convinced the Bureau to set aside that budget package that had been developed jointly by all the tribes.

The reason this is important is that the package was replaced with a budget proposal that increased this particular tribe's funding significantly and decreased the funds that were being made available to other tribes. In some cases the budget reductions were as much as 40 percent to tribes that were going to experience reductions under the new scheme and were not consulted under the new scheme before they were informed.

Stemming from that introduction, I have a number of questions.

Has the Bureau made some fundamental changes in its approach to budgeting through the tribes serviced by the eastern Nevada agency?

Mr. SWIMMER. I believe we have not. In setting the priorities for budgeting, particularly to the Indian priority system, we take the guidance of the tribes. In other words, they put together the budget. It is our understanding as of this time that the tribes were indeed aware of this particular tribe's situation and had agreed on the budget as it was developed.

I am also told that there was an appeal that over-ruled the area office's decision to phase in the change over a 3-year period in favor of an immediate change. I would be more than happy to go along with this, but it was our understanding that the tribes were in agreement because we require that as part of the budgeting process, that they get together along with the tribal agency and concur on the budgets.

Senator REID. It is possible some of the information we have is not valid, but the information we do have went into a lot of other questions I had because if in the future you would like to do it differently, I

would be concerned since in the past it has worked well to consult with the tribes in the area. In effect, they agree to a budget. But the information we have is that one tribe received significantly more money and there was no consultation with the other tribes.

So if you could check that out for me and have someone get back to me on that, I would appreciate it.

Mr. Chairman, that is all I have.

CLOSING REMARKS

Senator DECONCINI. Thank you, Senator Reid.

Mr. Swimmer, I want to thank you and your staff for the cooperation you have extended thus far to our Special Committee on Investigations under the Select Committee on Indian Affairs here. The requests have been promptly responded to, and efforts to find information—you have worked with us on that—are appreciated very much.

You have done a constructive job, and it is going to be a lot easier with the BIA helping us locate what is there and what isn't there.

I echo the compliments of the Senator from Nevada. Though we have had disagreements, you and I, my staff and Linda, we had them when Linda was here, too. [Laughter.]

They have been conducted on a professional basis, and I appreciate that, both you and your staff, particularly Linda, for responding to us and understanding some of our needs and problems.

I think that serves you well, and you have done a very fine job in a very difficult agency, I think, dealing with congressional meddling and perhaps not enough support from the various administrations.

It is a big, important agency to me that is short-changed by Congress as well as the administration, and you and the rest of your staff have done a fine job.

ADDITIONAL COMMITTEE QUESTIONS

We will submit the balance of the questions to you for your response for the record.

Mr. SWIMMER. We will be glad to respond to the questions.

[The following questions were not asked at the hearing but were submitted to the Bureau for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Effective Schools

Question: Final action on the FY 1987 appropriations for the Bureau of Indian Affairs included direction for the undertaking of a Comprehensive Education Plan (CEP). The Committee recently received a "final draft" copy of the Report on BIA Education.

Building on the foundation established by the 1983 "A Nation at Risk" study, this framework for achieving excellence in Indian Education emphasizes the "effective schools" process in which community involvement and strong school administrative leadership play a major role.

The draft report outlines an ambitious program of 15 proposed goals for BIA Education, as well as presenting possible options for future BIA policy redirections.

Could you briefly summarize for the Committee the findings of this draft report?

Answer: It would be too space consuming to adequately summarize the Report on BIA Education: Excellence in Indian Education Through the Effective School Process. Instead, we are submitting the Preface and the Summary Chapter which provide a very complete overview of the study.

Question: What is the timeframe envisioned for implementation of the goals discussed in the report?

Answer: A time line has been established only for the effective schools proposed goal and tribal consultation of the Report. A plan for OIEP effective schools is being developed during FY 1988 by a task force. School and Agency supervisory training will begin during the end of FY 1988 and continue through FY 1990. On-site tribal consultation on the Report is from April thru June 1988.

Question: What are the estimated costs associated with such implementation?

Answer: $500,000 is requested for effective schools staff training for FY 1989.

Question: The Fiscal Year 1989 budget includes $500,000 for the effective schools process. Are there funds requested for any of the other goals outlined in the report?

Answer: An additional $450,000 from the 1989 budget will be divided among selected schools to further exemplary schools projects. Any other additional budgetary resources needed will be included in the normal budget formulation process.

Question: What activities do you foresee related to the effective schools process in Fiscal Year 1988?

Answer: FY 1988 activities will be confined primarily to consultation efforts.

Institute for Tribal Government

Question: What process did BIA undertake in determining the location for this center?

Answer: Contact was made with major universities located in the cities of Phoenix, Arizona; Flagstaff, Arizona; Albuquerque, New Mexico; and Denver, Colorado to ascertain the extent of their interest in supporting and permitting the Center to affiliate with their programs of public and business administration. These are also universities with a history of demonstrated interest in Indian programs. Denver was selected because of the University's

interest in assisting with the development of the Center; the ability to affiliate with the Office of Personnel Management's Executive Training Center which is located in Denver; and the opportunity of utilizing the services and expertise of the Native American Rights Foundation, a project with recognized expertise in Indian law and issues.

Question: What criteria were used in the selection process?

Answer: The main criteria were availability of public accommodations, space to house the Center and a community which is easily accessible from any part of the country by commercial air transportation.

Tribally Designed Budget Initiative

Question: The FY 1988 budget enacted by Congress for the Bureau of Indian Affairs included $1,000,000 for a demonstration project to allow ten tribes to design their own budgets and address tribally-determined priorities.

The demonstration funds provided in Fiscal Year 1988 are for the development of the process to be implemented in Fiscal Year 1989. In appropriating these funds, Congress included language in the Joint Explanatory Statement of the Managers accompanying the Continuing Resolution specifying that the Appropriations Committee receive a status report by April 1, 1988 and a comprehensive report by September 1, 1988, regarding this planning process.

Please describe for the Committee activities to date between BIA and the tribes regarding these demonstration projects.

Answer: A meeting was held between the tribes and the BIA in Washington, D.C. on January 25, 1988, to discuss the project and the application process. It was decided to divide the $1,000,000 evenly with each tribe receiving $100,000 grant.

To date, nine of the ten tribes selected to participate in this demonstration project have submitted planning grant applications. A panel was convened which reviewed and rated each application. We recently met with representatives of the Mescalero Tribe and they indicated that they have not yet made a final decision regarding participation in this project.

Letters were sent to each of the nine tribal applicants advising them that their applications had been given to our Central Office contracting officer for negotiation. They were also asked to be prepared to identify pre-grant costs, costs for legal research and to further discuss the Bureau's recommended statement of work at the negotiation sessions. Grants have been made to eight tribes.

Question: Have any problems and/or obstacles been encountered?

Answer: As mentioned above, the Mescalero Apache has not decided whether it will apply for a planning grant. A recent court decision has found that the Hoopa Tribe does not have jurisdiction over its reservation. The Bureau is withholding the grant to Hoopa pending additional analysis of the impact of this decision.

Question: Have any actual agreements been signed with the participating tribes? If so, what baseline measures for evaluation are being used?

Answer: As of April 12, 1988, grant documents have been signed by the Bureau for nine tribes.

The baseline measures for the review and negotiation of the agreements are as contained in the Conference Report language. That is, the participant tribes must conduct legal and budgetary research and to identify responsibilities the tribe will assume and those to be retained by the Bureau. In addition, the tribes were to identify obstacles to the project, propose solutions and recommend legislative amendments. The tribes must also develop a tribally

designed budget and develop a plan for the assumption of Bureau programs, services and functions.

Question: The Fiscal Year 1988 Conference Report also included language allowing that other tribes would be able to participate in Fiscal Year 1989. The budget request, however, includes no additional funds to allow for increased participation. Will funds be available within the $1,000,000 appropriated to allow for participation by other tribes?

Answer: No, the $1,000,000 will not allow for the participation of other tribes. We do note that given the timing of the FY 1988 appropriation the "findings" of the demonstration project may not be available. Therefore, it may be premature to consider other tribes in FY 1989.

Question: What is the average cost for each demonstration project for the ten tribes initially selected?

Answer: The average grant is $100,000 as determined by the participant tribes.

Question: For how many years would such demonstration logically continue?

Answer: Logically, the "demonstration" would become a permanent way of doing business with tribes and would continue indefinitely, except in situations where a tribe encountered significant problems and the tribe and Bureau jointly decided to return to the status quo.

Question: A further area of concern is the relationship of these demonstration projects to the trust responsibility the United States has to Native Americans.

Your budget proposes appropriations language which appears to remove the United States from any responsibility or liability for any act or omission by a participating tribe or their contractors, subcontractors, or others acting on behalf of the named tribe in carrying out the agreement. The language includes, but is not limited to responsibilities for trust functions, contract damages, and tort liability.

How does this language comport with the Secretary's trust responsibilities?

Answer: The budget language also states "That the voluntary agreement shall also include a clear delineation of trust responsibility functions assumed by the tribe and those retained by the U.S. government." Clearly, then, the Secretary could not and would not turn over any responsibility to a tribe except with that tribe's voluntary agreement and support. Only when a tribe voluntarily agrees to assume a trust responsibility (e.g. maintaining land records) would the Secretary be exempted from liability for the tribe's actions or omissions. Moreover, under the terms of a voluntary agreement, the assumption of a trust function by a tribe could be on a temporary or trial basis. In our view, this approach promotes self-determination by making it possible for the Bureau to adopt a true "hands-off" stance. However, if such tribal assumption of a trust responsibility is unacceptable to the Congress, the language could be restructured to preserve Secretarial liability. It should be understood, however, that the practical effect would be to prevent the Bureau from entering into any agreement to give a tribe control of any trust function. As a legal and policy matter, the Administration could not support such an agreement because it would amount to an assumption by the U.S. of a contingent liability.

Question: What happens if there is a default on a credit obligation? Who would responsibility for the obligation fall to--BIA or the tribe?

Answer: Present procedures would apply. That is, if the loan were a guaranteed loan, the Bureau would pay up to 90 percent of the unpaid balance of the loan. On other loans, the Bureau collects from the tribe. In all instances, the tribe is responsible under current practices.

Question: If the proposed language implementing the demonstration program is approved for Fiscal Year 1989, what do you foresee as the impact to the program functions presently managed by the Bureau?

Answer: We do not foresee any major impact on Bureau program management functions in FY 1989. The ten demonstration tribes appear to be proceeding with caution and any other tribes opting to enter voluntary intergovernmental agreements will be at least a year away from the implementation of such agreements.

We do believe the project will, over time (5-10 years), have significant impact on the Bureau's role relative to programs. The Bureau would likely have fewer personnel. It will also change from service providers and program administration to largely a protector of trust resources and Indian rights as well as having the lead for the formulation of National Indian policy.

Question: Do you project any personnel impacts?

Answer: In the near term, very little as indicated above. But over time, if there are personnel impacts, they will be concentrated at the agency offices and/or an Area Office.

Substance and Alcohol Abuse Prevention

Question: The Fiscal Year 1989 budget continues funding for these efforts at the Fiscal Year 1988 appropriated level of $3,900,000. Specifically, what activities is the Bureau undertaking in support of the program authorized in the Omnibus Drug Bill?

Answer: In FY 1988, school-based and itinerant alcohol and substance abuse prevention counselors are providing alcohol and substance abuse prevention training to appropriate staff and providing supplemental services to students with alcohol and substance abuse problems.

The Bureau is training Bureau and tribal law enforcement staffs, tribal judges and court personnel, and social services staffs on drugs and narcotics, youth alcohol/substance abuse prevention, and counseling techniques relevant to alcohol and substance abuse.

The Bureau is also involved in a coordinating role in the construction and renovation of emergency shelters and halfway houses for youths and juvenile detention and rehabilitation centers. In addition, the Drug Abuse Coordination Office coordinates Bureau programs with other Federal and private agencies.

Question: How much of the Fiscal Year 1988 funds appropriated has BIA obligated to date?

Answer: Fiscal Year 1988 funds obligated to date:

	Amounts Appropriated	% obligated
Law Enforcement	$1,000,000	15% (Training)
Judicial Services	$300,000	60%
Office of Indian Education Programs	$2,400,000	25%
Alcohol and Substance Abuse Prevention Office	$250,000	15%

Choctaw Elementary School

Question: The Congress provided $6,400,000 in FY 1988 for construction of a new facility to replace the school damaged by fire in 1987. The Continuing Resolution included criteria for the release of these funds, including:

(1) An application for the new school be submitted to the BIA and the Office of Construction Management;
(2) The application be reviewed and ranked on the school construction priority system; and
(3) The planning and design for the new school be completed.

Please discuss for the Committee the status of activity related to the Choctaw School. Have any of the conditions been met?

Is there any reason why any of these conditions will not be met this year?

Will funds be released for this project during Fiscal Year 1988?

Answer: (1) The application was received by OCM January 31, 1988.
(2) Review process is underway - Contract Team issued NTP for on-site work, and report will be used in evaluation for ranking.
(3) The Tribe has begun preliminary planning activities to support their application.

If ranked, Planning and Design funds can be allotted during FY 1988. We do not know at this time what schedule of design activities will be planned. It is, therefore, premature to estimate whether construction funds might be obligated during FY 1988.

High School for the Oglala Sioux, Pine Ridge, SD

Question: In Fiscal Year 1988, the Committees included report language noting that construction of a smaller facility for the Oglala Sioux at Pine Ridge may be more economical than renovation, based on recent studies. The Committee also voiced its expectation that BIA include a request for construction of this facility in its Fiscal Year 1989 budget.

Has BIA requested these funds for 1989? If not, why not?

Do the BIA facilities managers agree that construction may be more economical than renovation?

Answer: No funds have been requested. The FMCC, Division of Program Planning and Implementation, made a site visit during March to update educational/facilities requirements. Concurrently, the Planning Staff is re-evaluating previous reports in order that current data is available for evaluation of the New Construction Application which will include cost/benefit information. Until this re-evaluation is completed, we will not be able to make a recommendation. The study is planned for completion by June 1, 1988.

Construction Management

Question: What actions have been taken regarding procedures and/or criteria for the evaluation of new schools?

Answer: Copies of the Application for New School Construction were sent to all Areas, Agencies, and each Contract School on December 22, 1987. On February 3, 1988, a notice of availability was published in the Federal Register.

Ranking criteria have been submitted for publication in the Federal Register.

Construction/Facilities

Question: Of the $8.4 million requested, $132,000 is for construction of quarters. The budget indicates that funding for the construction of quarters is to be phased. How much funding will be necessary if the $132,000 requested this year is approved?

Answer: A study is scheduled for completion in early May to determine the need for additional teacher quarters at this site. When the needs are determined, the Bureau will review alternatives for meeting the needs within budgeted funding levels.

Planning and Design

Question: Why haven't any funds from FY 1988 been obligated for this purpose?

Answer: As the ranking for new school construction has not been completed, planning and design funds have not yet been required.

Question: What projects will be undertaken?

Answer: Specific projects will be determined by the priority ranking process. Preliminary information gathering has been accomplished or is ongoing for all the projects for which applications have been received to prepare Statements of Work in preparation for comprehensive site validations, demographics, feasibility studies, education specifications and Program of Requirements.

Question: The budget states that the Fiscal Year 1988 funds will be sufficient to conduct the program in 1989. What projects will be addressed in Fiscal Year 1989?

Answer: The new application and ranking process for future B&U construction projects has not been completed except for three projects:

* Many Farms High School (AZ)
* Couer d'Alene Tribal School (ID)
* Tuba City Boarding School (AZ)

With the reinstituted application and ranking process now in place, it is anticipated that additional applications will be submitted and ranked. This process will continue in FY 1989. Once the ranking process has been completed and the priority list reviewed by the Administration, it will be possible to commence planning.

Education Funding

Question: The Fiscal Year 1989 budget includes base funding of $400,000 for Declining Enrollment Adjustment. The Justification (p. 35) explains that these funds are distributed to schools experiencing a greater than 10 percent decline in enrollment. Schools are allowed to average their enrollment figures for funding purposes, thus providing a transition year to adjust their staffing levels accordingly.

Why are increased funds needed for transition?

Answer: The purpose of the declining enrollment funds is to reduce the financial impact on schools that suffer significant declining enrollments, resulting in reduced ISEP funding. Staffing levels are determined in the spring before enrollment figures are available. The funds are to pay reduction in force expenses that may result from the declining enrollment, and to allow for program modifications to meet student needs with the remaining staff.

Question: Do these funds supplement the education formula funds?

Answer: The declining enrollment funds supplement the ISEP formula funds for the transition year.

Question: Shouldn't costs decrease with declining enrollment?

Answer: Yes, but salary savings are not realized in the first year of reductions as severance pay and terminal leave costs are incurred.

Textbook Upgrade

Question: The Fiscal Year 1989 budget includes a requested increase of $300,000 to upgrade textbooks. How many textbooks does BIA expect to upgrade in 1989?

Answer: Since these funds will be matched by the schools, we are unable to determine the total number of books because we do not know the mix of science books and dormitory reading material that will be requested..

Question: The budget justification (p. 37) discusses the subject area priorities slated for upgrade. They are:

Science textbooks;
Math textbooks;
Social Studies materials;
Dormitory reading materials;
Language arts textbooks; and
Reference materials for libraries.

How were these priorities established?

Answer: Verification of the data compiled for the Standards Compliance Report from both 1986 and 1987 indicates that there is a need for "current" textbooks especially in the areas of Science, Math and Social Studies. This is one standard which the schools in general did not meet.

The Bureau proposes a matching contribution to schools who budget for replacement of textbooks, but who may not have enough ISEP funds to purchase books for the entire school or grade in all disciplines. Textbooks on an average in high schools cost from $12 to $15 and in the elementary grades from $8 to $10, depending on the publisher.

Traditionally, Science and Math textbooks are the first to be replaced in schools, because of the advances in technology and science. Math concepts in algebra, geometry and calculus are being introduced in earlier grades than in previous years. Social studies, including geography, also change as new countries are recognized, or as boundaries are changed.

Gifted and Talented Program

Question: What activities can be funded if the Committee approves the requested increase of $250,000?

Answer: It is estimated that the Bureau has 3.5% of its student population who would qualify for the Gifted and Talented program. The $250,000 would be used to supplement each school's education efforts to assist those students who qualify for the Gifted and Talented program.

Question: Is the Gifted and Talented program incorporated into the framework identified for the effective schools program?

Answer: A part of the Effective School's model is to provide an education program which meets the needs of the entire student population. The Gifted and Talented program will be a part of each school's education program and therefore will be a part of the Effective School's Program.

Education Regulations

Question: The Fiscal Year 1989 budget proposes the deletion of appropriations language for the Operation of Indian Programs appropriation account which prohibits the implementation of regulations related to BIA's higher education grant program that were not in effect on March 1, 1987.

As justification for the proposed deletion, the budget (p. 15) states that revisions are needed to comply with changes in legislation and court orders.

Specifically, what legislation requires these revisions? Which court orders?

Answer: Public Law 99-228 expanded eligibility criteria for education programs to Indians of less than 1/4 degree Indian blood if the individual is a tribal member or a descendent of a tribal member. Zarr v. Barlow also required the Bureau to award scholarships to those of less than 1/4 degree of Indian blood.

Education Management Information Systems

Question: Fiscal Year 1989 funding is proposed at the 1988 level of $424,000. The Budget Justification describes (p. 42) five major initiatives to be undertaken in 1989, including:

(1) Implementing the Student Enrollment and Assistance System;
(2) Developing the Office of Indian Education Programs' personnel system;
(3) Developing the curriculum information system;
(4) Developing the continuing education; and
(5) Implementing a nation-wide electronic mail and file transfer system.

What is the breakout of funding to be provided for each of these initiatives?

This is an ambitious program to undertake with no additional funds. Are there programs in this area that are ongoing in Fiscal Year 1988 but which will not be funded in Fiscal Year 1989 in order to accommodate these initiatives?

Answer: (1) Implementing the Student Enrollment and Attendance System (SEA)

- As requested by field and central office staff, enhancements to the SEA have been incorporated into the system and should be released within the next couple of months.

- Training for OIEP staff has been approved and will commence on April 11, 1988, in Albuquerque, New Mexico.

- Training, enhancements and upgrading of the SEA system will be required on an annual basis.

Annual Training for Field Staff	$45,000
Semi-Annual enhancement and updating of system	$10,000

(2) Developing the OIEP Personnel System

- This system is being developed by the BIA Office of Data Systems. Initial cost incurred for this system should be minimal, covering the distribution and implementation of the system nationwide.

Distribution and Implementation	$10,000

(3) Developing the Curriculum Information System

- Preliminary discussions for a system covering Curriculum Development have taken place. A curriculum information system will be designed, developed, and implemented to identify the kinds of curriculum offerings at each of the BIA-funded schools. The system will incorporate features which will give the end user the necessary information to determine the scope of the curriculum in each location. This information can then be used to monitor the progress of curriculum program changes for each location. Implementation will encompass a selected number of test sites.

Initial Analysis, Design, Development, & Implementation	$40,000

(4) Developing the Continuing Education System

- The continuing education system is in the conceptualization stage. System scope and requirements must first be determined before analysis and design can commence.

Initial Analysis, Design, Development, & Implementation	$59,000

(5) Implementing Nationwide Electronic Mail System

- A variety of Electronic Mail System/Bulletin Board Systems are being considered at this time. It is apparent that more than one EMS/BBS will be utilized due to the nature of our mission. Departmental requirements, ODS requirements, and our own information requirements make it necessary to utilize several EMS/BBS services.

As progress is made in the design, development, and implementation of each of these systems, it may be necessary to make minor modifications in the planned budget amounts. The final assignment of budget estimates for each system will be based on thorough review of all cost factors affecting each system. End user requirements may alter initial budget plans for these systems.

Not included in the System Development budget of $164,000 is the continuing Hot-Line Service. This item is covered under the ADP Service line item. Approximate cost of this service is $36,000 a year. This service will continue in FY 1989 and beyond, covering not only the SEA system but other systems as they are implemented in the field.

Haskell Indian Junior College

Question: The enrollment figures projected in the budget justification (p. 49) for Haskell Indian Junior College show a declining Spring Semester enrollment figure for the 1987 actual and the 1988 and 1989 estimates.

To what do you attribute this decline?

Answer: There are a number of factors which contribute to this decline. Some students graduate at the end of the fall semester. Other students go home for semester break and do not return to Haskell. Some students who are not making sufficient academic progress are not accepted for the second semester, but may reapply for the fall semester.

Question: Do applicants exceed the number of available slots each year?

Answer: Yes, however, not all applicants are eligible or even complete the student application process.

Question: If so, is a waiting list maintained, so that some of these students could begin during the spring semester?

Answer: Yes, a waiting list is maintained by Haskell. For those qualified students who applied for the fall semester and were not accepted, the school contacts them for second semester enrollment. Many of these students, however, have already made plans for the second semester.

Dam Safety

Question: The Fiscal Year 1989 budget includes $5,510,000 for dam safety work related to BIA facilities. The budget justification indicates (p. 236) that funding for these projects is based on current priorities, determined solely by engineering factors, but that it is possible that non-engineering factors, under certain circumstances, may influence the order of work as implementation proceeds.

What might these non-engineering factors be? Provide further detail for the record.

Answer: Circumstances justifying a change in the order of work would be a high hazard with potential loss of life and property or the low cost associated with repairing a defect before it becomes a structual problem.

Question: Who decides whether to consider these non-engineering factors? When?

Answer: Tribal Government, Area Directors and Superintendents all provide recommendations for consideration of non-engineering factors. The

decision will be made in the Central Office based on field recommendations and changing conditions at the project.

Question: Is there a review process should priorities be rearranged due to non-engineering factors?

Answer: A formal review process has not been established as there have been no requests to depart from the priority list.

Question: Will the Committees be informed if the implementation order changes?

Answer: The Task Force will notify the Committee if the order of work is changed.

Question: BIA has categorized its dam safety expenditures as:

(1) High hazard potential dams — intermediate inspections and evaluations;

(2) Low hazard potential dams — inspections, inventory, and program coordination; and

(3) Corrective actions.

Are these the same categories as used by the other Bureaus of the Department? If not, why not?

Answer: Yes, the categories are the same. BIA uses the Federal guidelines established by the Department to categorize dams in need of repair.

Hazardous Waste Funding

Question: New funding of $100,000 is requested to conduct a study of the potential benefits and drawbacks of BIA's conducting remedial actions for hazardous waste sites on Indian lands not listed on the Environmental Protection Agency's National Priority List.

What drawback would exist to conducting remedial actions at a hazardous waste site?

Answer: The potential problems (i.e., "drawbacks") with BIA addressing hazardous waste sites on Indian lands stem from the determination of an appropriate authority for such actions and the appropriate use of public resources pursuant to that authority. CERCLA or "SUPERFUND" is the Federal government's authorized solution to the uncontrolled hazardous waste sites problem, with separate but parallel provisions for private or non-Federal sites, and for Federal facilities compliance. Under these provisions, sites on Indian lands are to be treated as private or non-Federal sites. CERCLA provides for a fair and impartial ranking process to determine which private sites should be addressed first. For BIA to step in and fund Indian sites that do not qualify for assistance under the CERCLA process raises questions of equity, as well as practical program management issues. For example, every Federal dollar spent on a low-ranking Indian site by BIA is a dollar that could instead be spent on a higher-ranking non-Indian site by EPA. Should the U.S., as a matter of policy, put Indians ahead of non-Indians with respect to protection from hazardous waste? As a practical matter, should the capabilities of EPA be duplicated in BIA? These are different policy issues. We believe they should not be acted upon before an independent analysis is done of BIA's options and the results can be presented to Congress. In the meantime, the CERCLA process ensures serious threats to Indians will be addressed.

Question: How many hazardous waste sites exist on Indian lands?

Answer: The Bureau identified 34 sites during FY 1985-1986, twenty of which were investigated for potential health and environmental risk under

contract during FY 1986-1988 at a cost of $125,000. A list of the twenty sites with a summary of the extent of their hazards are attached in Table 1.

Question: Where are they? What is the extent of their danger?

Answer: The list follows:

Hazardous Waste Sites

Site	BIA Sponsored Activity	Class/ Category/ HRS Score	Future Release Potential	Need for Further Investigation	Comments
Masonite-Mill Creek Lumber Mill	PA	II	Medium	Medium	Sample private onsite well for contaminants
Supply Creek Landfill	PA	I	Extremely Low	None	Provide adequate cover for refuse
Oil Airport Lumber Mill	PA	I	Extremely Low	None	Remove from Hazardous Waste Site list
Hoopa Valley Shopping Center	PA	I	Extremely Low	None	Remove from Hazardous Waste Site List
Old County Landfill	PA	I	Extremely Low	None	Remove from Hazardous Waste Site List
Big Four Lumber Mill	PA	I	Extremely Low	None	Remove from Hazardous Waste Site List
Risling Lumber Mill	PA	I	Extremely Low	None	Remove from Hazardous Waste Site List
Running Silver Mine	PA	I	Extremely Low	None	Remove from Hazardous Waste Site List
Chromite Float Deposit	PA	I	Extremely Low	None	Remove from Hazardous Waste Site List
Copper Bluff Mine	SI	19.2	Extremely Low	None	Acid mine drainage is not a designated hazardous waste, however, shaft should be permanently sealed
Town of Oneida Dump	PA/SI	II/15.7	Medium	Medium	Sample monitoring wells periodically
Fort Howard Sludge Disposal	SI	57.8	Medium	Medium	Sample monitoring wells periodically
Damrow Dump	PA	I	Extremely Low	None	Inventory to determine if hazardous substances are onsite
Tulalip Landfill	PA	II	Low	None	Continue periodic sampling of monitor wells
Tulalip Boeing	PA	I	Medium	None	Remove from Hazardous Waste Site List
Lummi Shore Dump	PA	I	Extremely low	None	Remove from Hazardous Waste Site List
Lummi Reservation	PA	I	Extremely low	None	Remove from Hazardous Waste Site List

Hazardous Waste Sites

Site	BIA Sponsored Activity	Class/ Category/ HRS Score	Future Release Potential	Need for Further Investigation	Comments
Cameron Uranium Mines	PA	III	High	High	Contain the mine tailings. Livestock tissue sample studies should be conducted
Kerwood Refuse Dumps	PA	II	High	High	Investigate potential for drinking water contamination.

Question: What are the estimate costs for elimination of these hazardous waste sites?

Answer: The estimated cost of removal is speculative but may run between $700,000 to $1.5 million per site. Other remedial actions such as incineration may be cheaper. The Bureau will attempt to identify the responsible party and conduct the required feasibility studies to select and cost the appropriate remedy. This is required as part of the "Superfund" remedial planning process and can be funded through Superfund.

We will then be able to give definitive cost estimates.

Irrigation Drainage

Question: How was the one problem (Pine River) selected for funding?

Answer: It was selected based on Departmental review.

Question: Is a process in place for the systematic investigation of irrigation-drainage problem areas presently known to the Department?

Answer: The Departmental process is as follows:

1. Identify sites requiring attention under the scope of the "Departmental Management Strategy for Irrigation Induced Water Quality Problems" prepared in 1986.

2. Determine from existing information and field screening studies whether irrigation drainage has caused or has the potential to cause harmful effects on human health, fish and wildlife, or other water uses. Field screening studies will include evaluations of concentrations of potentially toxic trace elements and pesticides in water, sediment, soils, fish and water fowl tissues and eggs, and observation of wildlife populations.

3. If existing information and/or field screening studies indicate a high potential for harmful effects, conduct intensive studies to determine the extent, magnitude, impacts, and causes of contamination problems.

4. Develop a coordinated plan of action with appropriate federal, state, and local agencies to address identified problems.

5. Implement corrective actions, once a plan has been developed and authorized, for those areas and activities in which the DOI has authority and resources.

Question: Who will conduct the field surveys and contamination studies?

Answer: Field surveys are conducted by a study team for each irrigation project. The study team of the Pine River will be headed by the U.S. Fish and Wildlife Service. Members include the BIA Natural Resources Specialist in the Southern Ute Reservation, Ignacio, Colorado, a USGS water resources engineer and a Bureau of Reclamation Irrigation Engineer. To this date, the

composition and membership of this team has not been completed by the Departmental Irrigation Drainage Coordinator.

Endangered Species

Question: A reduction of $210,000 is proposed for investigation of threatened sucker species on the Klamath Reservation. In explaining this decrease, the Bureau suggests that the broad authorities of the Endangered Species Act provide a more appropriate means to address threatened extinction. Is the Fish and Wildlife Service including investigation of this species in its Fiscal Year 1989 program?

Have you discussed this program with the FWS?

Answer: The two depressed sucker populations were discussed at a meeting between representatives of the BIA, FWS and Klamath Tribe on March 4, 1988. The FWS representative noted that the two species would soon be formally listed, and therefore, would be eligible to begin receiving recovery funds. He further indicated that FWS decisions regarding the allocation of recovery monies by species are made at the regional office level (in this case, the Portland Regional Office). He indicated that the FWS will give serious consideration to funding recovery efforts for these depressed populations in FY 1989.

Fish Hatcheries

Question: Why has the Department proposed transferring these hatcheries back to the BIA during Fiscal Year 1989?

Answer: Many of the tribes being served by these facilities have expressed a desire to gradually assume associated program operations through the self-determination contracting procedures administered by the BIA. The transition to P.L. 93-638 contracting will be greatly facilitated if implementation funds are maintained in the budget of the agency which is responsible for approving such contracts. The BIA is the most appropriate agency to ensure that the transition directed by the Congress occurs in an orderly manner and does not jeopardize essential services provided by the FWS during the process.

Question: Has the Bureau established a priority system for the distribution of tribal hatchery cyclical maintenance funds?

Answer: Both the priority system and the project ranking listing have been completed and sent to the Committee.

Tribal Services

Question: The Fiscal Year 1988 appropriation included $500,000 for a Klamath economic self-sufficiency plan, due in August 1988. What is the status of work on this plan?

Answer: The work is behind schedule and the tribe has requested a two-year extension of the completion date.

Drug Abuse Coordination Office

Question: In Fiscal Year 1989, BIA is proposing a transfer of this office from Law Enforcement to Tribal Government Services. Why is this transfer being proposed?

Answer: The Drug Abuse Coordination Office is involved not only with Law Enforcement but with the Office of Indian Education Programs, Judicial Services, the Department of the Interior's Office of Construction Management and with tribal governments. Since all coordination is on behalf of the Indian tribes and Alaska Natives, it is more appropriate for the office to be located in Tribal Government Services.

Question: What objectives has BIA established for this office?

Answer: The objective of this office is to coordinate, on behalf of Indian tribes and Alaska Natives, all alcohol and substance abuse prevention activities associated with the Omnibus Drug Bill relating to Indian tribes and Alaska Natives. Coordination is with Bureau programs, Indian Health Service (IHS), and other Federal and private agencies.

Question: What is the level of staffing associated with this office?

Answer: The staffing level will be 3 FTE's.

Question: Where will the office be located?

Answer: The office will be located in Central Office, Bureau of Indian Affairs, Washington, D.C.

Small Tribes Core Management Grants

Question: Funding for Small Tribes Core Management Grants is proposed at $2.8 million in Fiscal Year 1989, a decrease of $1.0 million from the 1988 level of $3.8 million. How many grants does BIA expect to fund in FY 1989? To which tribes? At which levels?

Answer: The BIA expects to award 100 to 110 Core Management grants to small tribes in FY 1989.

Because the grants are awarded in accordance with criteria contained in Part 278 of the 25 CFR, we do not know which tribes will receive grants. Applicants must have specific, identifiable needs, grant activities must indicate how the tribe will address the needs or resolve problems, and for a continuation grant the grantee must have accomplished (or made good progress) in meeting prior years grant objectives. It is probable that the majority of the Core Management grants will be continuation grants in FY 1989.

Question: The budget justification (p. 83) describes the proposed level as a "maintenance" level. What is meant by the term "maintenance level"? How was it determined?

Answer: The maintenance level refers to holding the program to a number of grants that maintains the integrity of the program, i.e. that ensures it does not deteriorate to becoming an entitlement program.

The maintenance level was determined by the number of applicants in each of the area office jurisdictions. Area offices provide Core grants to 60 to 75 per cent of the applications received based on need, merit, and performance for renewal grants.

Question: How does BIA measure the cost-effectiveness of this program?

Answer: There are a number of ways to measure the cost-effectiveness of the program. Properly administered by the BIA and executed by tribes, grantees should reduce waste of existing program funds, improve program operations, and increase their capability to contract BIA programs. In addition, grantee tribes should make better use of tribal resources and become successful in applying for program grants from other agencies.

Indian Business Development Program Grants

Question: The Fiscal Year 1989 budget proposes no funding for Indian Business Development Program Grants, a decrease of $7.0 million from the 1988 level. The budget indicates, however, that in order to help identify potential sources of private sector funding, an increase of $500,000 is proposed for Credit and Financing Technical Assistance. Yet, no additional FTEs are requested "...to assist potential clients to find outside funding for projects and to assist tribes and individuals in packaging loan requests in an effort to encourage private sector investment on Indian reservations." (p. 105).

How does BIA propose that the requested funds be used to achieve the stated objectives?

Answer: The Bureau receives a number of requests from tribes and individuals to assist in packaging loan requests each year. When Bureau personnel are unable to provide the needed assistance they contract with local and national experts for this service. The Bureau is not requesting additional FTE's since different tribes and individuals need the assistance each year. Contracting allows the necessary flexibility. There are numerous consultants, attorneys, accountants, retired businessmen and other professional organizations that provide this assistance.

Question: If approved, what plans does BIA have for informing tribal members of the availability of these funds?

Answer: Technical Assistance is authorized under Public Law 93-262 (since 1974). Tribes and individual Indians are generally aware of the availability of Technical Assistance. The Bureau has been providing Technical Assistance since 1976. Area and Agency Offices have established a network of technical experts that they currently utilize.

Navajo - Hopi

Question: The budget indicates that development of water and construction of new housing and roads for all potential relocatees should be near completion in the Fourth Quarter of Fiscal Year 1988. Are activities proceeding on a schedule to meet this targeted timeframe?

Answer: The BIA has built 32 homes on the New Lands and has resettled 29 Navajo relocatee families (two additional Navajo families will move in the Spring). Nine additional homes are near completion. Currently, 124 Hopi Partitioned Lands (HPL) Navajo families have requested relocation to the New Lands and the BIA projects that the number will rise to between 150 and 200.

The BIA plans to build over 100 homes this fiscal year on the New Lands. At the end of FY 1988, the BIA will have either built, or contracted for the construction of, all homes on the New Lands for those Navajo families who have chosen to voluntarily move off of the HPL. On January 31, 1989, all responsibility connected with relocation (as well as all unexpended funds) is proposed to be turned over to the Navajo-Hopi Indian Relocation Commission. The Indian Health Service (IHS) has indicated that Phase I of its New Lands water system will be completed by November 1988 and will serve 300 homes. As a result, no further funds will be expended by the BIA for water development.

Road Maintenance

Question: Please provide for the record the distribution of funds ($23,471,000) requested for road maintenance and the number of miles each project will address.

Answer: For FY 1989, the projected allocations of Road Maintenance based on road miles constructed with Highway Trust Funds (HTF) and direct appropriation to the Bureau (Interior) are as follows:

Road Sealing - $7,973,000

Area	Miles		$ in Thousands	
	HTF	Interior	HTF	Interior
Aberdeen	4	8	$ 100	$ 193
Albuquerque	71	6	1,777	160
Anadarko	0	1	0	13
Billings	30	8	750	216
Eastern	0	4	0	101

Area	Miles		$ in Thousands	
	HTF	Interior	HTF	Interior
Juneau	0	0	$ 0	$ 0
Minneapolis	2	5	63	132
Muskogee	0	0	0	0
Navajo	99	24	2,476	609
Phoenix	24*	14*	604	368
Portland	3	4	82	112
Sacramento	5	4	124	93
	238	88	$5,976	$1,997

*Phoenix may substitute fog seal, covering more miles but requiring reseal on approximately 2 year cycle.

Other Maintenance: $23,039,000

Emergency Maintenance: $3,500,000
(Snow and Ice Control, Landslides, Washouts)

Area	Amount	Area	Amount
Aberdeen	$ 604	Muskogee	2
Albuquerque	111	Navajo	869
Anadarko	176	Phoenix	201
Billings	304	Portland	165
Eastern	96	Sacramento	31
Juneau	48	C.O. Reserve	700
Minneapolis	194		$3,500

(If not needed for emergencies, the Central Office Reserve will be used for sealing of Interior pavements.)

Routine Maintenance: $19,971,000

(Pavement, Gravel, and Earth)

Area	Miles	Amount
Aberdeen	1,572	$ 3,199
Albuquerque	2,580	2,004
Anadarko	140	163
Billings	1,222	1,318
Eastern	212	824
Juneau	59	102
Minneapolis	621	920
Muskogee	0	10

Area	Miles	Amount
Navajo	5,246	$ 4,808
Phoenix	4,427	2,703
Portland	4,021	3,182
Sacramento	337	738
	20,438	$19,971

Road Sealing

Question: The Fiscal Year 1989 budget requests a total of $7,973,000 for road sealing, an increase of $6,759,000 over the 1988 enacted level of $1,214,000. These funds are needed to ensure future construction funding from the Highway Trust Fund. The budget justification (p. 110) states "...that funding requirements for road sealing are expected to reach an annual level of approximately $20,000,000."

On what basis was the $20 million figure reached?

Answer: Through our Productivity Improvement Plan, paved miles added annually to the BIA system are expected to increase from 97 miles (in FY 1985) to 200 miles per year in FY 1990 and beyond. Of our 20,826 mile system in FY 1985, 4,346 miles were paved. It is projected that 7,166 miles will be paved by Fiscal Year 2000.

On an average, sealing of asphaltic pavements is required on an eight year cycle and costs $22,000 mile. With a projected 7,166 mile system of paved roads by FY 2000, 896 road miles of sealing annually at $22,000 will cost $19,700,000.

Question: How does BIA plan to meet this need?

Answer: Some of the costs will be recovered through reduced maintenance needs (on a reduced mileage) of gravel and earth roads. Most, however, must be accomplished through gradually increasing appropriation requests through the years.

An adequate paved road system is essential to economic development and the costs of maintaining such a system must be accepted if that goal is to be reached.

Question: What is the backlog of roads requiring sealing?

Answer: A FY 1987 survey of BIA Agencies justified a need for $6 million for sealing roads paved with Interior appropriations, for a total of $22.7 million backlog.

Before we can reduce all of this backlog, some of the Interior pavements will have deteriorated beyond the level at which sealing is effective and will require reconstruction. Also, some few miles may, by administrative decision, be reduced to gravel surfacing.

Minerals

Question: The Budget Justification (p. 143) states that the Bureau will actively and aggressively pursue development of Indian minerals with emphasis on mineral commodities with economic viability in the world market and commodities for which a local market exists or can be developed, such as industrial minerals.

Specifically, what actions does the BIA intend to take in support of this development policy in Fiscal Year 1989?

Answer: A program policy is now being developed to provide for the ranking of project proposals for FY 1989. Each proposal will be ranked by a committee using a point system which will consider the findings of previous assessment, commitment by the tribe for development and available markets and economic feasibility. The program policy will be in place by September 15, 1988.

Considering the fact that domestic and world markets are not static, previous assessments are being reviewed to see if any that were not feasible at the time are now economically feasible. If any are found, the tribe will be advised, and assistance will be provided to them in determining additional assessment needs and preparation of materials necessary to solicit development proposals from industry.

Question: What funding is associated with these activities?

Answer: The budget request for this activity is under two items in the FY 1989 budget, Minerals Assessments - $1,000,000 and Tribal and Special Projects - $4,674,000.

Irrigation Operations & Maintenance

Question: Please discuss the need basis by which funds for irrigation operations and maintenance are distributed to the various projects.

Answer: Each irrigation project and Agency submits an itemized budget on project cost to the Area Director. The Area Director reviews project needs and priorities and requests funds for the operation and maintenance of irrigation projects. After receiving all of the Area Office requests, the Central Office reviews O&M needs nationwide and distributes appropriated funds to the Area Office based on project needs and availability of funds.

First priority in the distribution of funds are congressionally mandated and category 5 projects which are contained in the project authorizing legislation.

Safety

Question: Why is the Safety position at the Portland Area Office proposed for elimination?

Answer: Safety functions will be reassigned as collateral duties to another employee. Only Phoenix, Navajo and Portland Areas have safety positions (Administration). All other areas assign this function as a collateral duty to Facilities Management. The exception is Muskogee which is serviced by Anadarko Facility Management for safety responsibilities.

Telecommunications

Question: The Fiscal Year 1989 budget requests new funding of $1,500,000 for telecommunications and repair. The funding is proposed for new acquisitions of telecommunications services and equipment, replacement of antiquated radio communications equipment, design and development of a monitoring alarm system for fire and intrusion alarms, and extension of the present microwave system into the Phoenix Area Office.

If approved, how much does the Bureau project will be spent on each increment?

Answer: This project will continue to bring the Bureau of Indian Affairs into compliance with changes in recent judicial decisions and in line with technological advances. Judge Green's decision on the AT&T Antitrust Suit; the Computer II Inquiry decision; deregulation; greater demands on telecommunications; competition for telecommunications equipment and services to cut costs; and the shifting of managing telecommunications systems to the user by GSA have resulted in the Bureau "redirecting the acquiring" of telecommunications services and equipment. Cost savings through competitive

acquisition, direct management, modern and more versatile and efficient telephone systems are some of the advantages being realized by the Bureau.

By purchasing and replacing telephone systems in the past two years, an estimated $2.7 million savings will be realized within a 10-year period.

Projects will be located at Anadarko Area (Oklahoma and Kansas), Aberdeen Area (North and South Dakota), Albuquerque Area (New Mexico), Billings Area (Montana), Minneapolis Area (Minnesota, Wisconsin), Phoenix Area (Arizona and Nevada), and Portland Area (Oregon and Washington).

Increment Total $955,000

The second increment of this project will address the serious need to replace the antiquated, ineffective and expensive backbone radio communications equipment still in operation throughout the Bureau. The equipment is of the vacuum tube vintage, beyond its useful life, and replacement parts can no longer be purchased, forcing cannibalization of other units. Replacement of the equipment is critical to the life safety of personnel in law enforcement, fire suppression and school transportation. Project locations include Aberdeen Area (Minnesota), Navajo Area (Arizona, New Mexico), Phoenix Area (Nevada) and Portland Area (Washington).

Increment Total $296,000

The third increment of this project is a pilot project in two or more locations on the Navajo reservation (Arizona, New Mexico) to design and develop an alarm system which would monitor the fire alarms and intrusion alarms, and would notify an appropriate official (police, facility manager, fire station, principal) of an alarm. This system would maintain the integrity of a school facility or other facility during the time no one is present. (Summer at schools, winter at forestry locations.)

Increment Total $124,000

The final increment of this project will extend the present microwave system into the Phoenix Area Office. This backbone multichannel system would reduce cost of data transmissions, radio communications, and will provide critically needed services at a reasonable cost not available until this project is completed. The system will support Facility Management, law enforcement, forestry, land operations, and other data users. This system requires two "HOPS" of microwave in Arizona to compliment the existing thirteen "HOPS" from Albuquerque to Mt. Elden (Flagstaff).

Increment Total $125,000

Quarters

Question: What impacts does BIA foresee with respect to its housing program by the Departmental housing initiative and studies underway?

Answer: The Department's study has concentrated on data collection and the examination of various management options. Recommendations for the implementation of options have not yet been approved.

Administrative Costs

Question: In both the Operation of Indian Programs and Construction appropriation accounts, BIA has proposed absorption in Fiscal Year 1989 of part of the increased pay costs attributable to the January pay raise. What is the impact to the base program enacted for Fiscal Year 1988 of this policy?

Answer: The tables on pages 26 and 222 of the justification show an impact of $2,480,000 in OIP and $64,542 in construction.

Question: Does the Bureau intend to submit a reprogramming due to absorption of these pay costs in Fiscal Year 1988?

Answer: The bureau has approximately $4.6 million in the base of OIP programs, which based on the FERS recalculations is not required for that purpose. These funds may be proposed for reprogramming to cover the FY 1988 costs of the January pay raise, although this proposal has not yet been received final clearance by the Administration.

Question: Why has the Bureau not made any base adjustments for increased administrative costs, such as space, telephones, etc...?

Answer: The bureau is trying to control space costs by moving toward the GSA goal of 135 sq. feet per employee; thus, increased cost can be absorbed by using less space. Along the same lines, we are taking steps to control telephone costs by purchasing rather than leasing telephone equipment and by converting to systems which offer the most reasonable rates.

Question: The Fiscal Year 1989 Budget includes requested appropriations language to allow for the transfer of Federal Employees Retirement System (FERS) funds from the OIP appropriation to Construction and Miscellaneous Payments for Indians. Why were FERS funds not included with the appropriation requests for these accounts? On what basis would the Bureau propose to transfer funds? Why are the FERS funds appropriated in Fiscal Year 1988 for Construction and Miscellaneous Payments to Indians proposed for elimination in Fiscal Year 1989?

Answer: The recalculation of FERS is based on a government-wide estimate of a 5 percent switch rate for Civil Service employees and that 20% of the workforce have been hired since 1983. While these numbers are undoubtably accurate for the universe of Federal employees, the calculations are far less exact when looking at a total of 50 FTE in irrigation; 80 FTE in housing, and 29 FTE in Miscellaneous payments to Indians. There is no way we can accurately predict individual decisions on FERS based on so few employees. By including all FERS funding in one line, we are better able to distribute the funds based on actual costs incurred.

Question: To what programs are the 780 reimbursable FTEs assigned?

Answer: 767 FTE are funded with Department of Education money and 13 FTE are supported through receipts from the Alaska/Resupply operation.

Question: In various places throughout the budget justification, minor funding changes are attributed to "...priorities established by the Area Directors." Please provide further explanation of this response. Describe the role of Area Directors in the formulation, review, and justification of the BIA budget.

Answer: The Area Directors prioritize funds for all activities which are identified in the justification as "Area Office operations" with the exception of Facilities Management. This recognizes that needs vary from area to area based on the type of bureau program operations. In addition, the Central Office relies on information provided by the Area Director to make decisions or many other facets of the budget.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

Question: Did the Duck Valley tribes in fact receive a dramatic budget increase at the expense of the other tribes?

Answer: The Shoshone-Paiute tribe will receive an increase of approximately $149,000 in FY 1989 which is redistributed from other tribes' funding in the Eastern Nevada Agency.

Question: Why weren't the other affected tribes consulted before the Bureau apparently reallocated the available funds?

Answer: The other tribes had agreed to a three-year phase-in of the adjustment. The Shoshone-Paiute Tribe appealed this decision and the

Assistant Secretary upheld the tribe's appeal, thus requiring that the redistribution be effected in FY 1989.

Question: How will budgets be set in the future for the tribes served by the Eastern Nevada Agency?

Answer: No changes have been made in the Indian Priority System formulation process. This process, however, provides all tribes with the opportunity to appeal decisions made during budget formulation pursuant to BIA regulations (25 CFR Part 2). The Shoshone-Paiute Tribe followed these appeal procedures.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

School Operations

Question: You have requested an increase of $250,000 to $400,000 for FY 1989 for the Gifted and Talented Program. These funds will be distributed to qualified schools based on criteria established in the FY 1989 budget.

What did you base your decision on to more than double the size of this program?

Answer: It is estimated that the Bureau has 3.5 percent of its student population who would qualify for the Gifted and Talented (G and T) program. The additional funds would be used to supplement the school's differentiated curriculum to assist those students who qualify under the guidelines.

Question: Are there enough schools to qualify for the funds with the criteria you have established?

Answer: The Bureau believes that in addition to the schools with pilot projects, there are additional schools who may have one or two students who would qualify for additional funds to meet those students' needs. The school would be able to meet the needs in a variety of ways, including but not limited to off campus seminars and study, individualized supervised computer programs, study at nearby universities or colleges, and coordinated efforts for G and T students with the public schools who already have an existing program.

Question: Will regulations need to be published for this expanded program? If so, what is the schedule?

Answer: The Bureau is reviewing the four Gifted and Talented projects and analyzing the selection criteria utilized at each site. A task force has developed tentative guidelines. These guidelines are currently being compared to the four pilot sites' selection criteria and with various state criteria. Once a determination is made for finalization of guidelines, a decision will be made relative to publication of the guidelines as regulations.

Question: You have requested $300,000 to initiate a textbook upgrade program in FY 1989. In 1986 a BIA task force found that 63 percent of the schools visited lacked current textbooks.

How does the 63 percent compare with public schools in the area?

Answer: In FY 1986, the Bureau visited 36 schools for the purpose of verifying the data submitted for standards compliance. Sixty-three percent of the schools visited lacked current textbooks. The bureau has no comparison with public schools and currently does not plan to commission such a study.

Question: Another new initiative proposed for FY 1989 is the Recognition of Exemplary Schools program. Part one of the program proposes that BIA identify ten schools to receive additional funds as a reward for superior performance. Part two matches outstanding schools with schools identified as having difficulties.

How will the schools having difficulties be identified and matched? Will you use only schools that participated or will you be evaluating all bureau-funded schools?

Answer: The Bureau will consider as criteria for identifying those schools with difficulty: (1) extremely low test scores over a period of three years with no indication of academic gain especially in the areas of reading, math and language arts; (2) review of school's budget for overexpenditures or indication that funds are not being used appropriately; (3) lack of training effort for staff development; (4) no evidence of community/parental effort as evidenced by concerns from the school board or members of the community/tribe. All Bureau schools will be evaluated who fall in the lowest percentile after the review.

Question: After the match has been made between the exemplary school and the school with difficulty, how will the school with difficulty be aided?

Answer: The Bureau will pair the school identified as having difficulty with a school which has been selected as exemplary. Some possibilities for assistance include, but are not limited to: (1) reassignment of the Principal to the exemplary school for an extensive training session, (2) detail of an exemplary principal to the school with difficulty to assess other possibilities including staff development; (3) training in developing a school budget so that funds are used for priority items and in the most cost effective manner and (4) increased training to the school board members so that they become actively involved in the school.

Question: According to the FY 1989 justification, the highest priority of the Bureau will be to develop an effective schools program to be implemented in FY 1989.

What is the status of this program?

Answer: The Effective Schools Program action plan has been completed and training has begun for the Line Officers at each Area and Agency Office, as well as top school officials. Training is also being conducted for the School Board members.

Question: In FY 1988 Congress provided an additional $397,000 to Maine Indian Education to help the schools meet state academic standards.

Is this plan in place to attain this goal before the next school year? Compare the funding per pupil for the Maine public schools and the money generated under the Indian School Education Formula without this add on?

Answer: The add-on appropriation for Maine Indian Education was added to the existing contract and no plan for meeting state standards was submitted by the schools or tribes.

All Bureau funded schools in Maine are elementary schools. The BIA provided $3,367 per pupil, not including contract support funds, for the schools use. The public schools in Maine receive for elementary schools $1,835 per pupil.

Johnson O'Malley

Question: Indian children attending public schools sometimes have special educational needs resulting from disadvantaged economic and social backgrounds or from different cultural backgrounds. The Federal Government, under the authority of the Johnson-O'Malley Act of 1934, provides financial assistance through the BIA to contractors for eligible students.

Public law 99-228 changed the definition of Indian students eligible for service under JOM from "an individual with at least 1/4 degree of Indian blood of a federally-recognized tribe" to "a member of a tribe, or a descendant of a member who has at least 1/4 degree of Indian blood of a federally-recognized tribe."

This new definition went into effect with the FY 1988 student count in October 1987, and the result was a 13 percent increase in service population.

I note your justification requests essentially level funding for JOM and does not take into account the increase in service population.

Is this program not effective or doesn't the increase in service population have an impact?

Answer: The JOM program has been very effective in some places where the Indian Education Committee has been especially active and invested their time in helping meet the students' needs. The increase in service population impacts the per pupil funding level, necessitating careful budgeting to provide "no frills services" to the students, largely through tutoring programs after school or at other times.

Question: Please provide for the record the amount of funds necessary in FY 1989 to fund the increased service population at the same level as FY 1987?

Answer: The estimated funding is $23,361,000. Reference the chart below:

Estimated FY 1989 weighted student units (WSU's)	245,229
FY 1987 WSU value	X $95.26
Estimated funding	$ 23,361,000

Question: Bill language included in FY 1988 directed the BIA to submit a study to the Committee by June 1, 1988 making recommendations on the methods of distributing JOM funds in an equitable way.

What is the status of this study?

Answer: The Bureau is conducting consultation hearings on the proposed formula. Based on the consultation, the Task Force will meet to finalize the report which will be submitted on June 1, 1988.

Question: Can you discuss the recommendations at this time?

Answer: There can be no discussion of the recommendations until all consultation hearings are completed, and the comments are collected for final review.

Special Higher Education Scholarships

Question: You have requested a decrease of $410,000 (-21 percent) in the Special Higher Education Scholarships program. $160,000 of this decrease reflects the elimination of the summer law program initiated by Congress in FY 1988. The remainder of the decrease ($250,000) reflects the bureau's decision to fund only students who are studying in priority fields.

What are priority fields and what are the fields that will be eliminated?

Answer: The priority fields of study under the Special Higher Education grant program are law, education, business, health professions, engineering, natural resources. Fields which might be eliminated include, but are not limited to, Art, Music, Drama, Theology, and Indian Cultural Studies.

New Tribes

Question: In FY 1988 $1.5 million was provided to the Klamath Tribe. Of these funds, $500,000 was for development of the economic self sufficiency plan. This is a one time project due to Congress in August of 1988.

What is the status of this plan?

Answer: The plan is incomplete. The tribe has requested an extension of two additional years for completion and submission of the plan. Due to the lateness of FY 1988 appropriations, actual advance of funds to the tribe did not occur until February 1988.

Institute of Tribal Government

Question: You have requested an additional $500,000 to initiate administrative and curriculum development activities for a training center. The center is proposed to promote the self-sufficiency and improvement of tribal government and BIA operations.

Is a center necessary for this purpose?

Answer: Yes. The center is much needed in this time of transition within the overall "Indian Community" from domination of operating reservation programs affecting Indian life by the Federal Government to full assumption of governmental responsibility and management by tribal governments. Full implementation of the goals of "self-determination without termination" cannot be achieved unless all of the key executives and managers within the Indian community are striving for the same goals and high levels of "excellence" in the management of policies and programs designed to achieve a higher quality of Indian life. The Center would strive, through the conduct of high-quality seminars and policy forums, to bring about a joining together of thought and effort of the key decision-makers in Indian affairs toward a higher common goal.

Question: How will the training be focused?

Answer: In order to provide a clear, sustained focus on the objective to strengthen tribal government, the Institute is proposed for tribal and Bureau officials, their mid-level managers and their staff to:

Identify research, training and development and policy needs of tribal governmental and Bureau officials and their managers and staffs.

Develop resources and training programs to meet the research, training and development and policy needs of tribal governments and the Bureau.

Focus upon the need for training, discussion and development in the policy formation and practice areas of political structure and action, management and administration and corporate management of tribal assets and enterprises.

Question: What are the long term costs of this center?

Answer: The Center will be authorized to establish tuition schedules for participants in any of its seminars and forums. It is projected that this will limit Bureau funding requirements to no more than the FY 1989 requested level in future fiscal years.

Question: Have you selected a site?

Answer: Denver, Colorado has been selected because of the demonstrated interest of the University of Colorado in assisting with the development of the Center; the opportunity to affiliate with the Office of Personnel Management's Executive Training Center which is located in Denver; the opportunity of utilizing the services and expertise of the Native American Rights Foundation, a project with recognized expertise in Indian law and issues; the existence of Denver as a diverse business community with an abundance of public accommodations, space to house the Center; and a community which is easily accessible from any part of the country by commercial transportation.

Judicial Services Center

Question: You have requested an additional $359,000 in FY 1989 to develop the framework for the establishment of a Judicial Services Center.

Is the purpose of this center to provide basic tribal court review?

Answer: It is proposed that the Center would operate in three broad areas affecting courts in Indian country: (1) Training, (2) Technical Assistance and (3) Information resource and development.

Training - Utilizing "special tribal court funds", the Bureau currently provides training to tribal court personnel through a national contract with the National Indian Justice Center. Approximately 12 training sessions are provided each year to several hundred tribal court personnel, usually in a major urban setting. The Center will, through contract personnel, provide on-site training and basic and advanced training which needs are not currently met

through the existing national contract. It is planned that the Center will be physically located on a university campus which has an Indian law program so that some of the training may be provided in a university setting.

Technical assistance - Will be provided on-site to tribal and CFR courts in setting up court systems and maintaining a high level of court room administration. Utilizing contract personnel, the Center will also provide tribal court reviews in order to meet increasing requests for such reviews and follow-up.

Information resource development - The Center will serve as a repository for data and precedent on tribal related legal issues; develop model law and order codes, business and tax codes, devise administrative systems that could be implemented by courts in Indian country to insure an efficient administration of justice.

Welfare Assistance Grants-Regular

Question: You have requested a decrease of $4.4 million in Welfare Assistance Grants-Regular for FY 1989. This proposed decrease reflects anticipated savings in the costs of providing institutional care services in the State of Arizona. Arizona is the only state that does not provide institutional care services, and therefore the Bureau has been meeting the costs of providing such care to Indian people in that state.

In October of 1988, however, the State of Arizona will phase in a system and provide comprehensive institutional care to eligible residents, including Indians.

If the necessary assistance is being phased in, why is this displayed as a real decrease and not simply a base adjustment?

Answer: The Bureau has never attributed the entire proposed reduction of $4.4 million to anticipated savings in the cost of providing institutional care services in the State of Arizona. Also contributing to the decrease is: (1) a provision in existing regulations which requires that after September 30, 1988 all lease income available to a general assistance applicant must be counted when eligibility is determined; and (2) anticipated legislation that will clarify application of the $2,000 income disregard for per capita payments.

Question: Are you confident that those who received assistance from the BIA in FY 1988 will receive assistance from the State of Arizona in FY 1989?

Answer: It is our understanding that the State of Arizona has not yet issued final rules on its Arizona Health Care Cost Containment System (AHCCCS). Based on information that is available to us, it appears that only those Indians currently receiving care in off-reservation facilities licensed by the state will be eligible for coverage under the AHCCCS program. (At present, no tribally operated institutional care facilities are licensed by the State of Arizona.) The Indian population that would initially be covered by AHCCCS constitutes 34 percent of BIA's total institutional care caseload. At this juncture, we have every reason to believe that the 34 percent of the adult care clientele residing in off-reservation facilities will receive assistance from the State of Arizona.

Question: How will the State phase in the new system?

Answer: It must be recognized that AHCCCS is a new initiative now being designed and developed by the State of Arizona with a project inauguration date of October 1, 1988. Consequently, final rules on implementation of the program have not been issued. We have recently been provided with information which indicates that eligibility determinations for AHCCCS will take as long as three months, with payment retroactive to the date of application.

EARN Demonstration

Question: An additional $2.0 million has been requested in FY 1989 for what you call the EARN Demonstration. This program is designed to create local

public assistance systems which suit community needs. Demonstration projects are proposed to be initiated in FY 1989 if a pending reprogramming of FY 1988 funds is denied.

Can you elaborate a little on this program and the proposed reprogramming?

Answer: Consistent with Indian self-determination, the Bureau, in concert with tribal representatives, developed basic guidelines and application materials for the reservation-based EARN program activity. The guidelines and applications were provided to the leadership of each federally recognized tribe whose membership is presently served by a Bureau operated or funded general assistance program. By the September 15, 1987 deadline 31 tribes had submitted applications to participate in the EARN demonstration. All applications have now been reviewed, scored, and ranked according to their administrative feasibility and their compliance with the overall intent of the proposed initiative. The Assistant Secretary - Indian Affairs has delayed a formal announcement of the panel results until funds are secured for the demonstration effort.

On February 16, 1988, the Secretary of the Interior transmitted notification to the Senate and House Appropriations Committees of intent to reprogram $2,000,000 of general assistance grant assistance funds to initiate the demonstration projects. If the reprogramming is implemented, the Bureau will fund eight demonstration projects. Of the eight projects, six will be administered by tribes currently providing general assistance under P.L. 93-638 contracts. The remaining two projects will be at locations having Bureau-operated general assistance programs. The six tribal demonstration projects will receive $100,000 each. Funding for the projects will therefore total $1,910,000. The remaining $90,000 will be used by the Bureau to purchase the services of outside evaluators to review, assess and report on all of the demonstration projects.

The reprogramming request is intended to more effectively direct general assistance funding toward meeting the training, skills enhancement, and employment readiness needs of general assistance recipients. The ultimate goal of the EARN initiative is, therefore, to reduce the welfare dependency of Indian people by fostering the acquisition of marketable work skills and good work habits.

Contract Support

Question: In FY 1989 the Bureau is proposing to discontinue payment of contract support on funds which "pass through" the Bureau from the Department of Education. The legislative and administrative restrictions which limit the amounts some federal agencies may pay for tribal administrative costs have essentially been ignored or circumvented.

The FY 1989 budget proposes not to circumvent these limitations and the Bureau will not use contract support funds to supplement the budgets of other federal agencies.

Are these limitations new?

If not, why has it taken so long to decide to adhere to them?

What has been the reaction of the Department of Education to this proposal?

Answer: No, these limitations are not new. The Department of Education has always adhered to these limitations while the BIA recognizes indirect cost rates as the appropriate method for determining the amount of administrative/overhead support necessary to operate these programs. The Department of Education believes that the limitations they have established are adequate.

Question: It is my understanding that pending legislation would require the Bureau to pay contract support for construction projects.

Is that accurate?

What provisions are included in this budget if that were to become law?

Answer: Pending legislation would make construction projects contracted under P.L. 93-638 eligible for contract support funds to the contractor. As the legislation has not been enacted, the budget request includes no funds for this purpose.

Social Services

Question: The budget for Social Services is proposed to increase from $17,603,000 in FY 1988 to $18,939,000 in FY 1989. The majority of this increase is to reduce the Bureau and contract caseload levels for child welfare assistance to those established by state standards.

The justification indicates that the number of persons counseled has increased from 15,755 in FY 1984 to an estimated level of 17,110 in FY 1989.

What are the state standards for caseload levels?

Answer: State standards for caseload levels vary from state to state. The Bureau's Division of Social Services presently has a task force composed of Central and Area Office social work personnel which is conducting a survey of caseload-to-worker ratios. Although not available at this time, data gathered and analyzed by the task force is expected to be available by mid-May, 1988.

Child Welfare League of American standards (which are recognized by many states) require a maximum ratio of 20 cases to one worker for child protection cases; and 25 to 30 cases per worker for services to children in their own homes. Other CWLA standards exist for foster care, adoption services, etc. That agency is presently revising ratio standards to provide for lower caseloads per worker.

Self-Determination Grants

Question: No funds are requested for self-determination grants. This program has been under the Indian Priority System for the past several years and has become a lesser priority to many tribes who have redirected the self-determination grant funds to other programs.

The justification indicates that tribes most needing assistance are small tribes which may receive support under the Small Tribe Core Management Grant Program.

What are some of the other programs to which tribes have redirected these funds?

Answer: Most of the funds were redirected to Community Services and Aid to Tribal Government.

Question: Does the Small Tribe Core Management Grant Program have adequate resources to handle any need arising from this reduction?

Answer: Core management provides only small tribes the funding to meet basic well-defined tribal office needs. The 638 grant program could be used for tribes of all sizes and has a much broader application with respect to the types of projects permissible.

Tribally-Designed Budget Initiative

Question: In FY 1988, the Bureau is working with ten tribes to formulate budgets based on local priorities. Bill language is included with the FY 1989 budget request along with a request for $1.0 million to allow these tribes to use funds they would otherwise receive from the Bureau for specific programs for those activities that best meet the needs for the individual tribes.

Additional direction for this project was provided in the FY 1988 Continuing Resolution.

Question: Could you give the Committee a brief status report on this effort?

Answer: No funds are requested to continue the planning effort in FY 1989. Planning grants have been made to the tribes electing to participate in the project. As the details of the tribal proposals are developed, the Committee will be kept informed.

Question: Have other tribes expressed interest in this program?

Answer: Yes, the Bureau has received requests from several tribes.

Question: What plans have you made to incorporate them at a later date?

Answer: While we believe the planning support funding should be discontinued, we hope that the information gained from the demonstration project can be applied by other tribes who wish to participate in the program.

Law Enforcement

Question: The workload data for law enforcement is expected to increase at a fairly steady rate in FY 1989 yet your request for law enforcement is 5 percent below the FY 1989 base level.

What is reflected in the increased workload?

Answer: The Bureau anticipates that the new "Integrated Police/Law Enforcement Management System" will be operational by the fourth quarter of FY 1988. This system will provide law enforcement programs with information on modern trends, new techniques, legislation and other information, and will provide reports and data system training. The bureau also stresses more training of police officers and better management at the local level. These factors combined with historical data reflect the bureau estimated increase in effectiveness.

Question: What will be the impact of the 5 percent reduction?

Answer: The 4.3 percent reduction is based on "tribal" priorities and the application of the Indian Priority System. The bureau believes the impact is probably minimal if the tribes chose to reduce their own law enforcement programs. The bureau would need more time to identify which tribes reduced their law enforcement programs and determine the tribe-by-tribe impact.

Indian Business Development Program Grants

Question: No funds have been requested in FY 1989 for the Indian Business Development Grants program. Eligible applicants will be directed to the Bureau's Guaranteed Loan Program which is open to both tribes and individuals and requires no "in kind" or "matching" funding as leverage.

How successful is your Guaranteed Loan Program?

Answer: There were 61 guaranteed loans approved in fiscal year 1987 totaling $39 million, which we estimate created 230 new jobs and saved an additional 326 jobs. The applicant is required to have 20 percent equity in the project where possible. The guaranteed loan program has made 321 loans since 1975 totaling $254.3 million. Fifty-six loans have been repaid, 172 are current and 17 were modified.

Question: How do you proceed with delinquent payments?

Answer: The loan guaranty agreement required the banks to closely monitor all guaranty loans. The banks may assess a late charge on each loan installment, principal only, received more than 30 days after the due date. Within 45 days after the occurrence of a default, the bank must notify the Bureau and within 60 days the bank must take action to remedy the default.

Question: Of the grants that have been made in the past, what percentage would you estimate have been successful enough to be able to pay off that grant if it had actually been a loan?

Answer: In the fall of 1987, the Bureau made a survey of the grant program to determine the success of the grant program:

	Successful	Marginal	Cancelled or Failed
1983 (Tribes only)	14	6	1
Jobs Created	267	60	0
1984 (Tribes only)	7	5	4
Jobs Created	452	24	4
1985 (Tribes only)	12	4	1
Jobs Created	272	29	0
1986 (Individuals only)	73	33	7
Jobs Created	370	42	0

There were 193 grants awarded totaling $7,491,700 in fiscal year 1987, whose success rate should be similar to fiscal year 1986.

The successful grantees have the financial ability to repay their grant. There were 360 grants awarded during this period and 231 are successful, which means about two-thirds of these grantees have been successful enough to repay their grant if it had been a loan.

Road Maintenance

Question: Why was road maintenance moved from an element of Tribe/Agency Operations to its own subactivity?

Answer: With increased pavement mileage resulting from the Indian reservation road Construction Program, need for pavement maintenance is also increasing; and tribal response to this problem is difficult within the Indian Priority System (IPS). The inadequate road maintenance program at many BIA agencies jeopardizes the road construction program, under the provisions of 23 USC 116; and increases tort liability of the federal government. The lack of sufficient pavement maintenance, especially sealing of asphaltic pavements, causes the expenditure of larger sums of reconstruction (a program of periodic sealing costs approximately 20% of a program of periodic construction without sealing).

The provision for a better sealing program was a primary factor in our Productivity Improvement Plan and the IPS was identified as an obstacle to accomplishment. It also was so identified by the Inspector General who recommended that BIA take steps to remove road maintenance from the IPS.

We have a new procedure for budget development which emphasizes tribal involvement in the process, maintenance in accordance with the actual needs identified by the tribes and agencies, and cost effective use of funds which are made available in the appropriation.

Noxious Weeds

Question: FY 1988 was the first year of the Bureau's Noxious weed control program and $730,000 was provided for this purpose. It is estimated that approximately 10-20 thousand acres can be treated, depending on the host weed, the selection control method and the timing of the application needs. This acreage is 20 percent of the infested area.

You have requested only $330,000 in FY 1989 for noxious weeds, but the justification indicates you anticipate controlling 35 percent of the next priority area.

Is there a difference between the "infested area" and the "next priority area"?

Answer: There is no difference.

Question: If not, can you do more work on noxious weeds with less funds?

Answer: The $330,000 will be used to control approximately 35% of the priority areas treated in FY 1988. Priority is given to the noxious weeds on the Federal Noxious Weed list (Department of the Interior).

Preliminary List of Noxious Weeds Affecting
Department of the Interior Lands

1.	Canada Thistle	(Cirsium arvens)
2.	Field Bindweed	(Convolvulus arvensis)
3.	Russian Knapweed	(Centaureau repens)
4.	Spotted Knapweed	(Centaureau maculosa)
5.	Leafy Spurge	(Euphorbia esula)
6.	White Top	(Erigeron strigosus)
7.	Horse Nettle	(Solanum carolinese)
8.	Hoary Cress	(Cardaria droba)
9.	Quakgrass	(Agropyron repens)
10.	Dalmation Toadflax	(Linaria dalmatica)
11.	Diffuse Knapweed	(Centaureau diffusa)
12.	Yellow Star Thistle	(Centaureau solstitialis)
13.	Musk Thistle	(Carduus nutans)
14.	Other weed species affecting current/planned cultivated contiguous acres totalling 640 acres or more.	

Question: If so, how much of the "infested area" will you be able to eradicate in FY 1989?

Answer: 7 - 10 thousand acres.

Question: How does your workload compare with that of the BLM?

Answer: BLM is controlling noxious weeds on approximately on 61,800 acres.

Question: How does your funding compare with that of the BLM?

Answer: BLM receives annual funding of approximately $1,000,000.

Havasupai Range Rehabilitation

Question: In FY 1988, $450,000 was provided to develop the Havasupai Range Rehabilitation plan. It was anticipated that development and implementation of this plan would be a two-year process yet your budget suggests that the work is done and no further funds are necessary in FY 1989.

What is the status of the development and implementation of this plan?

Answer: The BIA is in the process of negotiating FY 1988 funding under a P.L. 93-638 contract to the tribe to begin the development.

Nez Perce Soil Fertilization

Question: In FY 1988, $55,000 was provided for the Nez Perce Soil Fertilization Project. This two year project totaling $110,000 was designed to collect base line soil fertility data for crop production and for soil and water conservation planning purposes.

What is the status of this work?

Answer: The BIA is in the process of negotiating FY 1988 funding under a P.L. 93-638 contract to the tribe to begin the soil fertility data collection.

Forest Development

Question: In FY 1988 Congress restored the Forest Development program back to the FY 1988 base level. Yet I note the workload data for Forest Development does not reflect that increase in funds (pg.128)?

Why? Is there a proposed reprogramming that the Committee can reject right now?

Answer: The table is incorrect. Revised figures have been provided to the Committee.

Question: Why does the table reflect a reduction in acres reforested when the funding has remained constant?

Answer: The larger, more accessible tracts of land were reforested first. The per acre cost of reforestation rises as the Bureau moves to smaller, more scattered tracts.

Question: Again this year, you have proposed a reduction for Forest Development of $3.1 million (pg. 129). You base this reduction on the fact that the number of acres that have received treatment now exceed those that require treatment.

That seems to be an excellent mathematical calculation, but how does it relate to basic forest management practices?

Answer: The President's request to reduce funding for this special program to original levels ($5.0 million), and thereby contribute to the over-riding effort to reduce the Federal Budget deficit is considered a higher National priority than to continue the special forest development program at the higher funding level ($8.15 million).

The fact that half the acres have been treated also indicates that the most productive forest lands have been restored; therefore, the accelerated rate of accomplishment can be postponed without severely impacting tribal goals and needs.

Question: Where are the lands that have received treatment? Where are the lands that have yet to receive treatment?

Answer: The attached sheets contain the information to answer these questions. The locations are Indian reservations and/or multi-reservation Agencies. The Area Office jurisdiction is shown in capital letters. The form lists, in six columns, the work (lands needing treatment) to do at the start of FY 1987, the acres treated (reforestation and/or timber stand improvement projects) in FY 1987, and the acres of land needing treatment at the close of FY 1987.

SPECIAL FOREST DEVELOPMENT PROGRAM PROJECTS/ACTIVITIES LOCATIONS

PROJECTS/ACTIVITIES ACCOMPLISHMENTS AND BACKLOG STATUS

LOCATION	Backlog Start FY1987 Reforestation Acres	Backlog Start FY1987 TSI Acres	Field Accomplishments Reforestation Acres	Field Accomplishments TSI Acres	Backlog, End FY1987 Reforestation Acres	Backlog, End FY1987 TSI Acres
AO: ALB						
So. Pueb.	-0-	4,588	-0-	587	-0-	4,001
Laguna	-0-	784	-0-	-0-	-0-	784
No. Pueb.	503	7,264	5	149	498	7,115
So. Ute	6,204	457	908	10	5,296	447
Jicarilla	19,724	14,410	771	606	18,953	13,804
Mescalero	1,553	148,475	883	82	670	148,393
Zuni	-0-	2,699	-0-	951	-0-	1,748
AO: ABD						
Rosebud	97	3,633	3	1,028	94	2,605
AO: BLG						
Blackfeet	349	1,737	74	401	275	1,336
Crow	2,387	225	20	225	2,367	-0-
Ft. Belknap	1,141	2,897	159	-0-	982	2,897
No. Cheyenne	-0-	17,399	-0-	1,114	-0-	16,285
Wind River	-0-	1,261	-0-	162	-0-	1,099
Rocky Boys	-0-	2,722	-0-	95	-0-	2,627

LOCATION	Backlog Start FY1987 Reforestation Acres	Backlog Start FY1987 TSI Acres	Field Accomplishments Reforestation Acres	Field Accomplishments TSI Acres	Backlog, End FY1987 Reforestation Acres	Backlog, End FY1987 TSI Acres
AO: EASTERN						
Choctaw	406	4,999	50	182	356	4,817
Cherokee (East)	597	10,322	40	125	557	10,197
Seminole	299	760	-0-	-0-	299	760
AO: MINNEAPOLIS						
Bad River	609	412	20	142	589	270
Forest County	17	524	15	-0-	2	524
Lac Courte Oreil'	490	1,304	100	-0-	390	1,304
Lac du Flambeau	172	247	72	119	100	128
Red Cliff	92	1,062	-0-	-0-	92	1,062
St. Croix	132	126	-0-	-0-	132	126
Stockbridge-Munsee	210	434	-0-	17	210	417
Bois Forte	167	165	-0-	165	167	-0-
Fond du Lac	234	121	20	20	214	101
Grand Portage	600	228	-0-	100	600	128
Leech Lake	82	123	-0-	26	82	97
Mille Lacs	50	213	-0-	-0-	50	213
White Earth	2,385	482	49	248	2,336	234
Red Lake	6,201	1,519	410	115	5,791	1,404
Menominee	5,768	7,565	1,003	1,186	4,765	6,379
AO: MUSKOGEE						
Miami	2,500	3,012	11	10	2,489	3,002
Tahlequah (Cherokee West)	7,560	6,649	67	150	7,493	6,499
Talihina	530	1,020	50	125	480	895
NAVAJO	7,000	43,827	-0-	5,785	7,000	38,042
AO: PHOENIX						
Truxton Canon	278	12,453	-0-	1,032	278	11,421
San Carlos	-0-	159	-0-	-0-	-0-	159
Fort Apache	497	19,268	-0-	2,371	497	16,897
AO: PORTLAND						
Colville	6,229	70,260	-0-	280	6,229	69,980
Flathead	10,797	21,594	1,080	628	9,717	20,966
No. Idaho	1,703	6,703	18	-0-	1,685	6,703
Olympic Pen.	11,732	8,229	1,476	-0-	10,256	8,229
Puget Sound	7,410	119	457	-0-	6,953	119
Spokane	227	19,446	-0-	1,271	227	18,175
Umatilla	871	524	55	39	816	485
Warm Springs	14,885	1,426	893	398	13,992	1,028
Yakima	158	4,912	45	2,183	113	2,729
AO: SACRAMENTO						
Central Cal.	64	673	-0-	342	64	331
No. Cal.(Hoopa)	6,926	11,694	-0-	51	6,926	11,643
TOTALS:	129,836	471,125	8,754	22,520	121,082	448,605

U.S./Canada Pacific Salmon Treaty

Question: The U.S. Section of the Pacific Salmon Commission requested $2.57 million in FY 1988 to implement the Pacific Salmon Treaty. The FY 1989 budget, however, suggests that funds made available by other Federal Agencies for treaty implementation work makes the $2.0 million requested for FY 1989 reasonable.

You use the phrase "reasonable amount" for this reduction.

What does that phrase mean in the context of the U.S. section of the Treaty? The U.S. might meet its obligation if the other agencies help? How much have you identified in these other agencies FY 1989 budgets for the Treaty?

Answer: The U.S. Section of the Pacific Salmon Commission has requested $2,569,000 for treaty implementation work by Indian tribes, out of a total treaty implementation budget request of $12.4 million for all Federal agencies with responsibilities in this area. The BIA request of $2,015,000 for the tribes is reasonable in the context of the overall multi-agency request, which would provide $11.9 million or 96% of the requested level, for treaty implementation work governmentwide.

Minerals and Mining

Question: Approximately $250,000 has been provided in previous fiscal years for the Council of Energy Resource Tribes (CERT). These funds were to be used by the organization to become self sufficient. No funds have been requested in FY 1989 for this organization. Can CERT survive without these funds?

Answer: Yes, Bureau funds represent only about 18 percent of CERT's budget.

Question: Have the funds in the past been used to become self sufficient?

Answer: Apparently not since CERT continues to seek special treatment.

Question: What are the tribal mineral projects that will not be continued and reflect the proposed $800,000 decrease in FY 1989?

Answer: The $800,000 was an add-on to the FY 1988 Budget for Mineral Assessments. The Senate Committee on Interior and Related Agencies originally proposed an increase of $283,000 for the Penobscot/Passamoquoddy mineral assessment program. The final report for 1988 did not specify a specific tribe, only that $800,000 be used for mineral assessment funding for Phase II studies. The add-on funds are being used for assessments under P.L. 93-638 as follows:

Penobscot/Passamoquoddy	$319,500 - May continue 1 more year
Southern Ute	210,366 - Last year
Pine Ridge	106,953 - 2nd year of 5 year plan
Spokane Tribe	150,000 - 1 time only
TOTAL	$786,819

The balance of $13,181 will be used for other assessments.

The decrease for FY 1989 will not affect projects that are in progress as they receive priority over funding of new projects. If a project is in progress in FY 1988 and the findings during that year support further study, the project would be funded in FY 1989 from available funds.

Tribe/Agency, Natural Resources Development

Question: You have proposed a variety of increases and decrease in the Natural Resources Development program for FY 1989. The majority of these changes reflect the application of the Indian Priority System at the tribe/agency level, with the exception of forestry. In the Forestry program, you have proposed a ten percent decrease for FY 1989 (pg.159) which the justification says is in line with Congressional action. Can you elaborate on this Congressional action?

Answer: Congress moved $2,400,000 from tribe/agency forest development to central office forest development and the Bureau added only $5 million of the $8.1 million increase for timber sales management to the base.

Question: What will be the impact of the decrease?

Answer: There will be no impact on tribe/agency forest development, but there may be a reduction in timber sales offerings, with fewer "below-cost" sales.

Trust Fund Accounting

Question: The Bureau is converting its financial trust services in-house operations to a contractor system. During the conversion process, there will be some parallel processing in the Bureau and an additional $865,000 has been requested to accommodate this extra work (pg.180).

Will the contractor system be less expensive than the in-house operation?

Answer: Until bids are received for the proposed contract, the Bureau cannot compare the costs. However, we would expect any increased expense to reflect significant improvement in the quality of services offered.

Construction

Question: Please provide for the record a priority list for all construction projects (irrigation, schools, etc...).

Answer: Due to the overriding importance of dam safety work, the bureau does not maintain an up-to-date priority list of irrigation construction projects. The Office of Construction Management is currently reviewing and ranking school construction projects and this list will be provided as soon as it becomes available.

Coeur d'Alene School

Question: In the FY 1988 Continuing Resolution language was included directing the BIA to conduct a feasibility study on alternatives to building a facility. Among the possible alternatives the Bureau should address the possible of adding a wing onto an existing school to serve the Coeur D'Alene Tribe and should include discussions with local school district officials.

Can you bring me up to date this effort?

Answer: This small K-8 school has been ranked for new construction with the conditions that the possibility of a cooperative construction effort with the public school be investigated and that pre-engineered construction be employed if the cooperative approach is infeasible. Investigation indicates a cooperative agreement is not practical at this time based on tribal information and an independent evaluation by the Office of Facilities Management and Construction Center. Therefore, data is being developed to prepare educational specifications and a POR which will provide data for the design of a new facility.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Johnson O'Malley Program

Question: The FY 1988 Continuing Resolution directed the BIA to submit a study to the Appropriations Committees by June 1, 1988 making recommendations on an equitable method of distributing JOM funds. Have you begun this study? What recommendations or possible approaches are being considered? Can you follow up with a report on the impact to the Alaska JOM program under each of the alternatives being considered?

Answer: A study group of 10 members (five tribal representatives and five Bureau employees) met in February to review the history of the formula and to discuss possible alternatives. A tentative formula for the distribution of funds is recommended by the study group. An explanatory letter, including the proposed formula, has been mailed to tribal leaders for review and comment. Tribal consultations are being conducted at regional meetings in Seattle, Albuquerque, Nashville and Minneapolis. The group will review comments in May and make recommendations to the Assistant Secretary.

The Bureau expects the report to be submitted June 1, 1988. It will include tabular information displaying the state-by-state impact.

Alaska Transfers

Question: The Bureau's FY 1989 Budget Justification states that funds have been transferred "from tribe/agency to area direct operations to correct distributions made in restoration of the proposed budget reductions in FY 1987". I'd like you to submit a report outlining what programs the funds were restored to, including the amount restored.

Answer: The transfers correct errors made in distributing FY 1987 funds restored by Congress. The following table provides the breakdown:

— JUNEAU SUMMARY —	Tribe/Agency Planning Base	FY 1989 Request	Difference	Area Direct Planning Base	FY 1989 Request	Difference
SCHOLARSHIPS	3,354.4	3,098.6	(155.8)			
ADULT EDUCATION	161.8	190.3	28.5			
Total	3,416.2	3,288.9	(127.3)			
OTHER AID TO TRIBAL GOVERNMENT	1,762.9	1,705.9	(57.0)	96.3	95.5	(0.8)
SOCIAL SERVICES	1,100.6	1,071.6	(29.0)	61.8	71.2	9.4
SELF-DETERMINATION SVCS.- T & TA	852.8	901.8	49.0	266.4	343.1	76.7
ADULT VOCATIONAL TRAINING	2,862.3	2,801.3	(61.0)	70.0	69.4	(0.6)
OTHER EMPLOYMENT ASSIST. (O.E.)	808.1	891.4	83.3	1.9	1.9	
Total	8,229.5	8,214.8	(14.7)	496.4	581.1	84.7
CREDIT & FINANCING	502.8	473.6	(29.2)	81.4	95.6	14.2
ROAD MAINTENANCE	70.6	69.4	(1.2)			
Total	573.4	543.0	(30.4)	81.4	95.6	14.2
NATURAL RESOURCES, GENERAL	371.1	358.5	(12.6)	65.0	64.4	(0.6)
AGRICULTURE	687.8	678.1	(9.7)			
AGRICULTURE EXTENSION SERVICES	10.1	9.9	(0.2)			
TIMBER SALES MANAGEMENT	383.7	374.6	(9.1)			
FOREST MGMT. INVENTORIES & PLANS	171.5	168.6	(2.9)			
FOREST PROTECTION	57.9	56.9	(1.0)			
FOREST PGRM MGMT (RELATED FUNCT.)	130.1	127.9	(2.2)	168.2	180.9	12.7
WATER RESOURCES	29.7	29.4	(0.3)			
WILDLIFE	526.8	480.1	(46.7)			
MINERALS AND MINING	53.0	69.8	16.8			
Total	2,421.7	2,353.8	(67.9)	233.2	245.3	12.1
TRUST SERVICES, GENERAL	123.1	121.0	(2.1)	166.0	164.6	(1.4)
ENVIRONMENTAL QUALITY SERVICES	77.8	76.4	(1.4)			
OTHER RIGHTS PROTECTION	715.0	634.3	(80.7)	128.0	127.0	(1.0)
REAL ESTATE APPRAISALS	216.8	186.2	(30.6)			
OTHER REAL ESTATE SERVICES	2,174.0	2,072.7	(101.3)	193.7	192.1	(1.6)
Total	3,306.7	3,090.6	(216.1)	487.7	483.7	(4.0)
EXECUTIVE DIRECTION	422.1	474.7	52.6	159.6	158.3	(1.3)
ADMINISTRATIVE SERVICES	200.7	510.4	309.7	1,421.3	1,409.7	(11.6)
Total	622.8	985.1	362.3	1,580.9	1,568.0	(12.9)
Total	17,727.5	17,633.4	(94.1)	2,879.6	2,973.7	94.1

Legal Services for Allotment Applicants

Question: It recently came to my attention that the BIA's 7-year contract with Alaska Legal Services for representation of Native allotment applicants expired December 31, 1987. Apparently the Central Office was unwilling to make money available to renew the contract.

That left out hundreds of Native allotment participants without legal representation just weeks before adversarial hearings are scheduled to begin. As a temporary stop-gap measure, limited funds are being made available under the attorney fees provision of 25 C.F.R. 89. However, we must seek a permanent solution to this problem.

Have you included money in the budget to renew legal services' contracts, so that it can continue to represent allotment applicants without interruption? If not, how do you intend to fund legal services for Native allotment?

Answer: The Alaska Legal Services contract was an agreement between the Bureau and Alaska Legal Services Corporation (ALSC) to provide technical assistance and litigation support for representation of Alaska Natives who were involved in allotment adjudication disputes. Variations of the same contract were in effect for several years at an average cost of approximately $250,000.

Last year, the ALSC attorneys requested reimbursement of attorney fees under the Equal Access to Justice Act for allotment cases they won against the Department. That Act provides that parties who prevail against the United States can recover attorney fees in specific instances. Such funds would, of course, be paid from BIA budget allocations. Last August, the Deputy Assistant Attorney General for Land and Water Resources informed the Solicitor that he feared that the Department would be paying twice for services provided by ALSC (or that at least the perception would exist unless extensive continuing audits were performed) if they were allowed to also recover attorney fees in addition to their contract funding.

This problem was resolved by termination of the contract and prospectively requiring all future requests for attorney fees in these matters to conform to the attorney fees regulations (25 CFR 89.40, et. seq.). With the concurrence of the Solicitor, an interim contract for attorney fees was expedited to assure continuation of representation for those allottee applicants already in adversarial proceedings. In addition, the Bureau is also in the process of establishing an in-house capability to provide technical or litigation support assistance to the Alaska natives in these cases.

QUESTIONS SUBMITTED BY SENATOR DON NICKLES

Question: On March 4, I introduced S. 2150, a bill to distribute the Judgment Fund Award to the Seminole Nation of Oklahoma and the Seminole Tribe of Florida and related groups. As you know, the two principal tribes have tried for quite some time to reach an agreement on how to split the $16 million judgement award which was made available by Congress in 1976. This award, which has been drawing interest awaiting distribution, now stands at $40 million.

Unfortunately, the two groups have not been able to determine an appropriate distribution. According to historical records made at the time when the tribe was forcefully removed from Florida to Oklahoma, 3,301 Seminoles moved to Oklahoma and 135 remained in Florida. By these figures a split of 96% to 4% would seem most appropriate. The Florida group, however demands a 50-50 split. The bill, which is acceptable to the Oklahoma Seminoles, splits the award 75% for the Oklahoma Tribe, and 25% to the Florida Tribe. Since I know that you have been personally involved in trying to encourage an agreement between the two tribes, what is your feeling in this matter and do you support my legislation?

Answer: Our report on the to the Select Committee on Indian Affairs on this bill will communicate our views on this subject.

Question: As you are also aware, when the Seminole Tribe was relocated by the Federal Government, several former slaves, known as freedman, were made a part of the tribe by the Government. The freedman believe that they are entitled to a part of the Judgement Fund Award. What is you opinion in this regard?

Answer: Because of the events of 1823 for which the funds were awarded predate the inclusion of freedman as tribal members under the Treaty of March 21, 1866 (14 Stat.755), we do not believe the descendents of the freedman should be eligible for benefits as individuals. They could of course share in any benefits (such as use of tribal facilities) that may result from the tribe's use of the funds.

Question: Another problem that concerns me deals with the Housing Improvement Program that is administered by BIA. In the past few years I have received numerous complaints about the quality of work performed under the HIP program. You may be aware of cases involving substandard contracting performance. If the examples I have seen are typical of the work being done under the program, then I am very concerned.

In one case that I am aware of, a contractor was paid $27,000 for work performed which was extremely substandard instance, sheetrock was hung 4 inches from the floor, the clothes washer was rigged to drain into the toilet and there were holes in the subflooring. If such poor workmanship is being allowed, then it is obvious that there are some contractors in the program that are making quite a bit of money and not doing the work. Do you perceive widespread problems within the HIP program?

Answer: Although the redirected housing program was not complete, the GAO issued a report on internal controls for HIP programs contracted under Public Law 93-638. The report was entitled, "Indian Housing Controls Improved but Need Strengthening".

The recommendations spoke to improving the effectiveness of the Model Contract and insuring that the HIP funds are properly spent on Indian applicants. The GAO called for better enforcement of Model Contract provisions and further strengthen construction monitoring and inspection. The BIA found the recommendations helpful towards making the HIP more professional, accountable and cost effective; and, as a result, the BIA issued a directive that contract applications must contain all documentation and information required by the Model Contract. We further strengthened our construction monitoring and inspection by directing the contracting officer to insure that either the COR and/or the housing officers monitor and inspect construction projects.

The instance noted in the question occurred in 1986 and involved the use of HIP funds as well as some funds from the Department of Housing and Urban Development. The Program was operated under a tribal 638 contract with a subcontract to a construction firm. The recipient was not satisfied with the work and subsequently rejected an offer by the government to have the deficiencies corrected. This case is now in court.

Question: Another matter that I am keeping abreast of is the issue of state taxation of Indian Bingo games. As you know, the Supreme Court is considering hearing the case between the Creek Nation of Oklahoma and the Oklahoma Tax Commission. It is my understanding that you have been asked on behalf of the Department of Interior to file a brief in this case. While it is still preliminary, do you believe that state governments have the right to tax Indian bingo?

Answer: The Solicitor's office and the Justice Department are currently reviewing the Government's position on this matter. A brief should be filed with the Court in May 1988.

Question: On several instances I have had Indian constituents who are trying to start a small business contact me to request assistance in securing a BIA loan. In most every instance, these constituents have been told that the monies for the program are held up and should be made available shortly. What exactly is the situation with these small business loans? If the monies aren't available, couldn't these people be told before they apply so that they don't waste their time and aren't given false hope?

Answer: There was a delay in making funds available for the Indian Business Development Grant program in FY 1988. These funds were made available in March and have been distributed to the Areas. The direct loan program is a revolving fund, therefore, new loan obligations are subject to collections received on outstanding loans. In FY 1988, $13 million is available to support new direct loans.

SUBCOMMITTEE RECESS

Senator DECONCINI. The subcommittee will stand in recess, subject to the call of the Chair.

Thank you.

[Whereupon, at 3:50 p.m., Tuesday, March 29, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

WEDNESDAY, MARCH 30, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senator Reid.

SMITHSONIAN INSTITUTION

STATEMENT OF ROBERT McC. ADAMS, SECRETARY

ACCOMPANIED BY:

DEAN W. ANDERSON, UNDER SECRETARY
TOM FREUDENHEIM, ASSISTANT SECRETARY FOR MUSEUMS
ROBERT S. HOFFMANN, ASSISTANT SECRETARY FOR RESEARCH
JOHN F. JAMESON, ASSISTANT SECRETARY FOR ADMINISTRATION
THOMAS E. LOVEJOY, ASSISTANT SECRETARY FOR EXTERNAL AFFAIRS
RALPH RINZLER, ASSISTANT SECRETARY FOR PUBLIC SERVICE
ANN R. LEVEN, TREASURER
RICHARD L. SIEGLE, DIRECTOR, OFFICE OF FACILITIES SERVICES
MICHAEL H. ROBINSON, DIRECTOR, NATIONAL ZOOLOGICAL PARK
NANCY D. SUTTENFIELD, DIRECTOR, OFFICE OF PROGRAMMING AND BUDGET

BUDGET REQUEST

Senator REID. The subcommittee will come to order.

This is the time scheduled for the subcommittee to review the fiscal year 1989 budget requests for the Smithsonian Institution and the Woodrow Wilson International Center for Scholars.

Today's hearings will begin with the Smithsonian Institution. The principal witness will be the Secretary, Mr. Robert McC. Adams.

Mr. Adams, would you come forward?

The Smithsonian's total 1989 request is $252,504,000, an increase of some $22 million, or 9.7 percent, over last year's.

The request includes $216,214,000 for the salaries and expenses appropriation, an increase of $14,782,000 over 1988. Funding requested

for the repair and restoration program totals $8,835,000, an increase of $1,581,000 over 1988.

The request for the construction appropriation is $10,150,000, an increase of $8,836,000 over 1988. Finally, construction requested at the National Zoological Park is $5,305,000, a decrease of $2,845,000, below last year.

PREPARED STATEMENT

Mr. Adams, your entire opening statement will be made a part of the record at this point.

[The statement follows:]

STATEMENT OF ROBERT McC. ADAMS

It is a great pleasure to appear before the subcommittee once again to discuss the aspirations of the Smithsonian Institution, as embodied in our FY 1989 budget request. With your guidance and assistance in recent years, we have been able to reinforce in important ways the Institution's basic programs in research and research support, collections management, public services and education, and international activities, while also beginning to make progress in the critical areas of essential maintenance and repair of existing facilities. Today, I will highlight some recent program achievements, share with you an overview of the process used to establish our FY 1989 budget priorities, and describe the modest new initiatives that we propose in our request.

Recent Program Accomplishments

Quadrangle

The first and, perhaps, the most visible accomplishment occurred this past September with the opening of the National Museum of African Art, the opening of the Arthur M. Sackler Gallery, and the commencement of the programs in the S. Dillon Ripley Center. During the first five months of operation, more than 640,000 people visited these museums and public spaces. At the opening ceremony, Smithsonian Regent Anne Armstrong spoke of the purpose that the new and expanded programs in the Quadrangle will serve in increasing scholarly and public knowledge of non-Western cultures and societies. She said that the Quadrangle represented "an opportunity to emphasize both the rich diversity of these civilizations and the underlying brotherhood of mankind."

Already, the benefits of the heightened visibility of these programs have become manifest, not only in the magnitude of the visitor attendance, but also in increased support for these programs both within and outside the Institution. For example, a grant from the Rockefeller Foundation has made it possible to establish a Rockefeller Foundation Residency Program in the Humanities to support residential fellowships in Asian and African art. More recently, the Annie Laurie Aitken Trust awarded a grant to the National Museum of African Art to establish a collections acquisition endowment fund; as you know, the development of this Museum's collections is of critical importance to the continued enhancement of both its research and public programs.

Bicentennial of the Constitution

The programs and exhibitions sponsored by different Smithsonian bureaus to commemorate the Constitution's Bicentennial constitute a second major program achievement. The Smithsonian co-sponsored an international symposium on "Constitutional Roots, Rights, and Responsibilities." For this five-day program, which was the scholarly centerpiece of the Nation's Bicentennial observance, 68 participants from 12 countries convened to discuss the origin of written and unwritten constitutions and the interplay of rights and responsibilities in a democracy, among other topics. A second symposium to observe the Bicentennial of the Constitution, "Afro-Americans and the Evolution of a Living Constitution," will address the Afro-Americans' search for full citizenship and its impact on Constitutional law in the 19th and 20th centuries. The Institution also sponsored a two-day symposium on "Teaching the Constitution"; at this event noted scholars and educators presented lectures and workshops for more than 150 teachers.

At the National Museum of American History, an exhibition titled "A More Perfect Union" examines the experience of Japanese Americans during World War II in the context of constitutional issues. The National Portrait Gallery plans to commemorate the Bicentennial of the Constitution with three exhibitions, namely, "American Colonial Portraits: 1700 to 1776," "The First Federal Congress," and "Portrait of the Law." Of particular interest to the Subcommittee is "The First Federal Congress" exhibition, which the Portrait Gallery is currently organizing in cooperation with the Historian of the House of Representatives and the Curator of the Senate. This exhibition, scheduled to open in March of 1989, will feature the portraits of 40 Senators and Congressmen who were members of the first Congress, including many who were signers of the Declaration of Independence.

Reinforcement of Research Capabilities

A third major program achievement results from the reinforcement of our basic research capabilities. During the past few years, we have significantly improved support for the Institution's research programs, especially in molecular biology, biological diversity, tropical biology and astrophysics, where the Institution has the potential to make truly excellent research progress.

The National Museum of Natural History has established a molecular systematics laboratory to foster research in this rapidly developing field. Also at the Museum, researchers have begun a series of multidisciplinary and integrated biological diversity studies to enhance understanding of the composition, functioning, and evolution of natural biotas in tropical regions. This biological diversity program is the only integrated multidisciplinary program that attempts to inventory the earth's disappearing flora and fauna in a way that also registers natural changes in population abundance and dispersal.

The National Zoo has developed programs in molecular genetics and the genetic management of rare and endangered species. These new programs will allow the Zoo's researchers to supplement their long-standing theoretical expertise through the application of a variety of molecular genetic techniques. During the past year, the Zoo concentrated on the identification of genetic markers in hoofed stock species known to suffer from the detrimental consequences of inbreeding as evidenced by high juvenile mortality and reduced fertility. Future research efforts in this program include the expanded use of state-of-the-art molecular techniques through the utilization of molecular probes that permit DNA "fingerprinting."

A research program in molecular evolution and plant physiology has been inaugurated at the Smithsonian Tropical Research in Panama. Studies of molecular evolution will permit STRI's scientists to address basic questions concerning the processes of speciation, maintenance of genetic variation in populations, and the nature of population differentiation. This new program will emphasize the most promising molecular techniques used in evolutionary studies, including protein electrophoresis, restriction mapping and sequencing of nucleic acids, and DNA-DNA hybridization. No other institution in the tropics is conducting rigorous research on molecular evolution and physiology in marine and terrestrial habitats.

The Astrophysical Observatory is continuing to develop the technology for submillimeter wavelength receivers, and, in particular, to build receivers for use on existing telescopes. In addition, during this year, the design work has begun for the

conversion of the Multiple Mirror Telescope at Mt. Hopkins, Arizona into a larger single-mirror telescope. I will address these two important projects in more detail when I present the FY 1989 request for Major Scientific Instrumentation. However, I want to take the opportunity to express our appreciation for the support that the Subcommittee has shown throughout the years in helping the Smithsonian maintain its pioneering role in astrophysical research.

Collections Management

Collections management remains a high priority of the Institution. A recent discussion paper on the scope of Smithsonian collections management efforts and their interrelationships answers many questions that have been posed in the past and is attached for the Subcommittee's further review. Continued progress in collections management programs throughout the Institution has been highlighted by the ongoing development of an Institution-wide automated Collections Information System. In FY 1986, the Office of the Registrar established a steering committee to plan and promote the concept of such a system, with representatives from all of the Smithsonian museums. The development of this on-line Collections Information System has been undertaken by the Institution's Office of Information Resource Management. In the natural sciences, a prototype for the system was created, using the collections of the Museum of Natural History's Department of Fishes. The system provides on-line retrieval of information for research and collections management purposes. The Collections Information System produces computer-generated, wet labels and identification tags for specimens, as well as the numerous reports required for the daily work of the Institution.

For the Institution's art collections, the seven art bureaus have agreed upon a structure for a conceptual data model for collections data. This structure includes elements of data required for all phases of collections management, including acquisitions, conservation, loans, and deaccessioning, while providing flexibility to accommodate differences in the level of detail that an individual museum maintains for specific types of art collections. The Collections Information System will also serve as the basis for several specialized projects to integrate digital images of works of art with the collections data. At the Hirshhorn Museum and Sculpture Garden, one prototype of an advanced system is being developed, using personal computers, that will ultimately allow researchers and the public to retrieve information concerning the collections, including visual images created from digital data stored on a central computer. A second system, under development at the Museum of American Art, would enable visual images and related collections information to be stored on compact discs mastered from computer tape. These compact discs will be read by a compact disc player attached to a personal computer, either on its own or in conjunction with the on-line capabilities of the Collections Information System.

Public Services

The Smithsonian has increased the attention given to informing and educating museum visitors in general about the Institution's various programs, exhibitions, and research, and has conducted specialized outreach programs directed toward minority and other targeted audiences through initiatives in three critical areas: renovation and reinstallation of exhibitions, American Indian programs, and pre-college science and mathematics education.

During the past year, exhibition renovation and reinstallation

proceeded at both the Museum of American History and the Museum of Natural History. At the Museum of American History, the reinstallation of the permanent exhibition halls is being coordinated with the renovation of the Museum's physical plant. As part of this reinstallation program, significant changes for two of the Museum's most popular attractions occurred in the last year. In the summer of 1987, the Pendulum was removed to allow for the preparation of an exhibition on the first floor; when it is placed back on display, it will be reinstalled on the second floor. In September of 1987, the "First Ladies Hall" was closed, to prepare for reinstallation in space on the second floor in 1991.

At the Museum of Natural History, funding received in FY 1988 is being used to plan the renovation of its American Indian exhibition halls. Some of the innovations planned for the proposed new American Indian exhibit complex will be tested in the existing halls.

In the area of education, the Smithsonian, in cooperation with the National Academy of Sciences, has established the National Science Resources Center to improve the quality of pre-college science and mathematics education. This Center is working closely with state and local school systems, research scientists, educational and scientific organizations, and science museums to develop high-quality materials and programs that will meet the needs of classroom teachers throughout the Nation.

Facilities Maintenance

A very important but less visible accomplishment is the increased emphasis on resolving the massive backlog of required facilities repairs for the Institution's buildings. In recent years, funding levels for maintenance, repair and preservation of the buildings have not kept pace with need. Last year we reported to you that the backlog of repairs required to ensure continued operation of building equipment and systems, provide long-term preservation of the buildings, and bring the buildings into compliance with safety and health codes and standards was estimated at $216 million. With the support of the Congress, for which we are, indeed, grateful, a substantial increase in funding was provided in FY 1988, thus allowing the Institution to begin reducing the backlog.

Improvements in the Planning and Budget Process

This brief list of program accomplishments represents a cross-section of endeavors implementing initiatives that reflect our basic Institutional commitments in collections and non-collections related research, museum curation, collections management, public service and education, and necessary program and administrative support. Through the planning and budget process, the Smithsonian strives to balance these competing demands for resources to ensure that they are distributed as effectively and efficiently as possible.

During the past year, we have reexamined our planning and budget process and implemented several new internal procedures to improve our ability to make decisions and achieve our program goals. As a result, new mechanisms for integrating and strengthening internal planning and budgeting were implemented. In large measure, these are based on a model used by institutions of higher education, whose education, research and public service programs, governance and organizational structure, and sources of funding are similar to the Smithsonian's. I would like to highlight the features of the process by which we set the Institution's FY 1989 planning and budget priorities.

First, to establish long-term program goals ahead of budget formulation, bureau and office directors were asked to assemble and submit early in February 1987 their plans and priorities for the next five years. During subsequent months each Management Committee member held extensive discussions with those directors to explore fully the issues raised. Based on those discussions, areas of common interest and opportunity for collaborative efforts among the bureaus were identified on a preliminary basis, along with potential research and administrative support requirements. The identification and examination of the Institution-wide consequences of individual bureau plans early in the planning process contributed to improved coordination among bureaus as more refined program and budget plans were developed. After the discussions were completed, the plans and priorities originally submitted by the bureaus and offices were either endorsed in concept, or modified as indicated.

Simultaneously, Management Committee members worked with me to amplify the Institution's basic mandate "for the increase and diffusion of knowledge . . . ." in order to develop a more contemporary statement of purpose for the Institution and a set of explicit goals. Effort was directed at articulating the essence of the Institution, its management philosophy, its aspirations for program quality, and its consciousness of the need to reach a wider audience in more resourceful and sensitive ways. Integral to this effort was determining "Areas of Emphasis" representative of the Institution's most important opportunities and requirements in the years ahead.

The Board of Regents endorsed these statements at their meeting in May 1987; subsequently they were issued to Smithsonian bureaus and offices as formal policy guidance for budget formulation and planning for the next five years. Bureaus were asked to prepare budget plans responsive to and consistent with that guidance. After the bureaus submitted their budget plans for the next five years, these documents guided establishment of the budget priorities embodied in the Institution's FY 1989 Federal budget request, in its FY 1988 and FY 1989 budgets for nonappropriated funds, and in its Five-Year Prospectus, FY 1989-FY 1993.

FY 1989 Budget Highlights

Let me now turn to some of the specifics of our FY 1989 budget request which totals $252.5 million, or $22.3 million more than the FY 1988 appropriation. In this budget, the Institution requests your continuing support for the additional resources necessary to reduce and eventually eliminate the backlog of deferred repairs in various facilities and to manage properly the increasing number of repair projects. Funding at a "current services" level for essential repair work would not permit us to keep pace with new repair work and at the same time make progress with previously identified repair projects. The remainder of the request for increased funds represents requirements to support the Institution's various "Areas of Emphasis" for achieving its long-term program goals and to cover various uncontrollable items of expense.

Salaries and Expenses

The Salaries and Expenses (S&E) request totals $216.2 million and 4,276 workyears, an increase of $14.8 million and 184 workyears over the FY 1988 appropriation. This request would allow $9.3 million of program growth, with $1.3 million of that growth directly in support of the management of an expanded facilities repair and

restoration program. Also included are additional funds totaling $5.5 million to cover basic "uncontrollable" cost increases for pay, rent, utilities, postage, and communications, including the costs of full-year funding for new positions authorized by Congress in FY 1988. A complete listing of these S&E program increases arrayed around each "Area of Emphasis" appears as Attachment 2 to this statement. Let me simply highlight some of the major program initiatives that we contemplate with the additional funding requested in this budget.

Research and Research Support

A major portion of the request for additional funding for research will enable the Astrophysical Observatory to continue efforts directed at the eventual construction of telescopes for use with submillimeter wavelengths and to continue the conversion of the Multiple Mirror Telescope to a single mirror telescope.

The FY 1989 request also reflects an indispensable change in the way the Smithsonian is now able to plan for the acquisition of such major scientific instrumentation through the S&E account. In the past, the Institution has purchased most needed research equipment as an operating expenditure through the S&E account. However, under the constraints of a one year appropriation, it became increasingly difficult to conduct orderly and cost-effective planning for the acquisition of major pieces of instrumentation that are analogous to capital costs. Instruments such as telescopes require careful research and development (R&D) over an extended period by concentrated teams of in-house scientists and technicians for sub-elements such as optics, receivers, and structural forms. In addition, the fabrication of these sub-elements, or necessary modifications to them, must be done largely in-house, or with specialized contractors, as opposed to being bought off-the-shelf.

The budget request for SAO's telescope initiatives therefore reflects the establishment, within S&E, of a line-item for "Major Scientific Instrumentation" that will accommodate no-year appropriations for these R&D costs. The no-year provision will allow the flexibility critical to the development of these telescopes and other leading-edge scientific tools, which almost by definition, involves the unknown, since researchers are pushing back the frontiers of science and technology. As a result, sub-elements of a particular instrument may develop at different rates, making funding flexibility essential.

Also still a high priority in our request for "Research and Research Support" is funding to further the efforts in molecular systematics and biological diversity begun with your support in FY 1988. Additional funding is included for the National Museum of Natural History to proceed with its inventory of the species and, thus, expand its research in biological diversity. The requested increase will make possible additional field work and collaboration with other institutions. Funding is also requested to enable the Natural History Museum to continue its development of a permanent sustainable capability for research in the field of molecular systematics, building upon the Museum's broad expertise in systematic biology encompassing both historical and ecological perspectives. Other requested research funds will allow the National Zoological Park to complete its development of the molecular systematics and evolution program through the establishment of a genetics laboratory.

Public Services

Other components of the FY 1989 budget request are to improve programs and services provided to the public. Funds are requested for the renovation and reinstallation of exhibits at the National Museum of American History and at the National Museum of Natural History. Funds for the American History Museum will permit reinstallation of major permanent exhibits throughout its three floors of exhibition space, while funds for the Natural History Museum will enable it to embark on a long-term plan for renovation of its 30 permanent halls.

In addition, funds are requested to develop the American Indian programs at the American History and Natural History Museums. Through cooperative programs offered by these bureaus, improved access to American Indian collections will be made available and new and better links will be forged with American Indian communities.

Finally, funding is requested to enable the National Science Resources Center (NSRC) to establish a teaching resource collection and information data base of science and mathematics teaching materials. This computer data base will be used by people participating in NSRC resource development projects and will be made available to science educators and teachers throughout the Nation by means of a computerized telecommunications network.

Collections Management

Collections management is a priority to which the Institution is seriously committed. Funding is requested for the Museum of Natural History for support staff to process backlogged and recent acquisitions, maintain collections accountability, and evaluate and cull collections. In addition, funds are requested to allow the Museum of American History to convert data to the Institution's Collection Information System, which supports data essential for management of collections for research, exhibit planning, and object interpretation. Other requested funds will support additional staff -- conservators, registrars and computer specialists. A significant amount of the request is for additional collections storage equipment for the expanded and renovated areas at the Freer Gallery of Art.

Columbus Quincentenary Programs

To continue planning and preparation of exhibitions and events in commemoration of the Columbus Quincentenary, additional funds are requested for several museums and offices. Our Quincentennial observance will focus on the Americas with a creative mix of historical, topical and cultural issues and ideas through exhibitions and public and scholarly programs. Research and program development proceeds to build the foundation on which to present not only the history of the encounter of European and American civilizations 500 years ago, but also to highlight and celebrate the ensuing centuries of common experience in the Western hemisphere. Contributing to the commemoration are the Museum of Natural History, Museum of American History, the Air and Space Museum, Museum of American Art, Cooper-Hewitt Museum, Traveling Exhibition Service, Office of Elementary and Secondary Education, and the Office of Folklife Programs.

Administration and Facilities

Among the most urgent of administrative needs are additional funds for the Office of Environmental Management and Safety to continue to improve the Institution's programs in those areas.

Equally important is the need for additional staff to maintain, operate and protect the General Post Office Building. Additional security staff also are required to accommodate requirements based upon final design of gallery space in the Quadrangle. These administrative requirements are in a sense uncontrollable; the Institution has an obligation to provide for the safety of visitors, employees, and the National Collections.

Additional funds are requested to implement the last phase of the Institution's new payroll/personnel system, which became operational in October 1987 through the U. S. Department of Agriculture's National Finance Center in New Orleans. Funding is also requested to allow the development of subsystems for the Institution's planned new financial information system. Planning costs thus far have been covered by nonappropriated funds.

A significant portion of the S&E request corresponds to the Institution's expanded program for facilities repair and restoration. The Institution is seeking to expand this program further in FY 1989. However, the increased workload associated with this level of repair work is beyond the capability of existing staff. Additional funding is included in this year's operating budget to staff the various administrative offices that are affected by the more extensive facilities repair program.

Repair and Restoration

The Smithsonian Institution is requesting $20.8 million in its newly restructured Repair and Restoration (R&R) account. With the massive backlog of necessary repair work, the need to distinguish more explicitly between various categories of projects to allow more effective budget planning was underscored. Presenting the R&R account with two sub-accounts, as well as creating a new sub-account in the Construction account, will allow us to respond more effectively to changing priorities and critical needs within the different categories as they are identified. For FY 1989, funding of $3,700,000 is requested for the initiation of a Major Capital Renewal program to replace major building systems that are approaching the end of their useful lives at several of the Institution's facilities. In addition, $17,135,000 is requested for Repair, Restoration and Code Compliance projects.

Construction

In the Construction account, a total of $10,150,000 is requested. Of this amount $1 million is to enhance the Institution's planning capability for future construction projects, including the renovations necessary to make the Old General Post Office Building usable; $2,750,000 is to design and construct laboratory and research facilities for the Tropical Research Institute; and $3,200,000 to complete the construction of the base camp supporting the Whipple Observatory at Mount Hopkins, Arizona. Funds totaling $3.2 million are requested for a new sub-account for Alterations and Modifications to facilities. Included in this category are projects that in previous budgets were funded in the Restoration and Renovation account. These projects, although small in scale compared to most new construction, are driven by changing programmatic needs rather than repair or preservation considerations.

Construction and Improvements, National Zoological Park

An amount of $5,305,000 is requested for the Construction and Improvements, National Zoological Park account. This request

includes funding for the highest priority repair and renovation projects at Rock Creek Park and Front Royal, as well as funding to begin modifications necessary to convert the Polar Bear Exhibit to an Amazonia Exhibit by enclosing the facility and including the required mechanical systems to support a greenhouse structure.

Closing Remarks

Over the course of its 142-year history and under the direction of succeeding Secretaries, the Smithsonian has evolved into an internationally renowned research center and the world's largest museum complex. Its activities span the globe and are devoted to research, museology, and public education in the arts, sciences, and history in the service of all mankind. The Institution is an unique establishment which has grown and prospered, pursuing its basic mission to increase and diffuse knowledge, through a partnership of private support and public funding, the latter most clearly manifest in the dedication of this Subcommittee. The partnership is critical to the Institution's ability to respond to future challenges, to maintain its excellence as the 21st century approaches, and to serve the public that is the object of its existence.

Attachment 1

COLLECTIONS MANAGEMENT AT THE SMITHSONIAN INSTITUTION

Collections management is the term used by the Smithsonian and other museums to describe the functions necessary to develop and maintain collections of works of art, scientific specimens and other objects as well as documents and data collections. Collections management encompasses planning for the use and growth of the collections as well as the selection of artifacts, information management (classification, cataloging, inventory and records management), conservation, insurance, risk management, security, storage, transportation and space planning.

For the past 142 years, the collections of the Smithsonian Institution have grown in variety, complexity and richness. Today, with the opening of the Arthur M. Sackler Gallery and the National Museum of African Art on the National Mall, the Smithsonian collections stand unmatched in breadth and depth by any other museum complex in the world. These collections are a national resource for millions of visitors each year from America and abroad and for researchers in every subject from American history to zoology. By using the collections for exhibition, research, education and interpretation, the Smithsonian meets its mandate--"the increase and diffusion of knowledge among men."

Size and Scope of the Collections

The total number of objects in the Smithsonian collections is now estimated at 134 million. Eighty-eight percent of the collection, or 118 million speci-

mens and artifacts, is in the National Museum of Natural History which has an encyclopedic array of the world: rocks, minerals and meteorites; fossils; plants; insects and other invertebrates; vertebrates including fishes, amphibians, reptiles, birds and mammals, and anthropological artifacts from many cultures of the world, past and present. The scope of the Smithsonian's collections can be seen in the listing of museums that have collections at the end of this report.

Only a tiny portion of the scientific collections becomes part of the public exhibitions. Museum visitors would find little of interest in the institution's full array of 30 million insects, for example, and the Smithsonian would not have space to exhibit such a vast number of specimens. On the other hand, research on species requires a wide range of specimens--males, females, various age groups, specimens representing various regions of the world--to offer a complete picture of a species.

The estimated total number of artifacts and specimens in the Smithsonian collections--134 million--represents a substantial change from the 100 million objects reported in 1983 following a five-year baseline inventory project at the institution. The change occurred principally at the National Museum of Natural History, where the total went from 81 million in 1983 to 118 million in 1987.

The major reasons for the increase were improved methods of counting and estimating the number of specimens in a batch (which resulted in higher numbers). Specimens previously recorded as a batch or lot have been individually estimated. In 1983, for example, the fish department estimated its holdings at 500,000 when it counted a jar of fishes as one item. Recently, museum technicians estimated the number of fishes in each jar and calculated the number of individual specimens to be 7.5 million. Another reason for the increased number is that new specimens are added to the collection every year, as a consequence of research carried on by Smithsonian scholars throughout the world.

Inventory

Prior to 1978, the Smithsonian maintained a perpetual inventory. That is, as objects were added or removed from collections each year, the figures were calculated into the previous year's total. In 1978, special funds were authorized by Congress to begin a physical inventory of the Smithsonian's massive holdings. The first phase of that inventory took five years to complete and

resulted in an estimated total of 100 million objects and artifacts at the Smithsonian.

The complexities, implications and impact of carrying out an inventory as a normal, on-going collections management function are now understood as consisting of several steps. Step one is the shelf inspection of the physical object. The identifying specimen number and location is recorded. Often the condition is noted and the object receives basic attention (dusting, perhaps, or re-rolling of textiles). If appropriate, the storage condition might be improved--acid free paper may be laid, material in a drawer unit might be separated for more space, natural science specimens might require fresh preservative.

Because examination of segments of any collection is sometimes sporadic, an inventory is properly seen by staff as a time to address problems of collection care. This has certainly been true at the Smithsonian.

Step two of the inventory process is to reconcile data collected during the shelf examination with previously existing records. This seemingly straightforward task is complicated by the vagaries of language, lapsed time and the sheer numbers involved.

For example, a museum physically locates 142 quilts, and the records match exactly in 137 cases but indicate that the museum received 149 quilts over the years. The difference might be a matter of nomenclature; for instance, a "missing" quilt may have been identified as a coverlet and therefore was listed elsewhere or it might have been on loan and the records were not updated. In any event, the reconciliation process, time consuming as it is, provides the answers to the questions.

Inventory refinement is another step often required. Reasonable accountability requirements may mean that it is enough to know where the mosquito collection is stored. Refinement of this sort of high-level inventory implies the addition of the intellectually meaningful levels of collection data: Where were the mosquitoes collected? When? By whom? Information of this type is useful and interesting to the research scientist and responds more fully to the mission and goals of the institution.

Cyclical inventory is ongoing and continuous. The location and presence of the Hope Diamond and the moon rocks on exhibition are noted by security guards and other staff members many times a day. Specimens in the natural history

research collections, however, are inventoried less frequently, sometimes on the request of researchers who need access to those particular specimens.

Collections management continues to be at the heart of Smithsonian Institution activities. The focus of collections management programs currently is to provide data that better meets the needs of researchers and of Smithsonian managers who base collections management decisions on this information. Smithsonian staff members at all levels, from museum directors to technicians, are involved in the ongoing collections management program at the institution.

Adding to the collections

To attain a better understanding of the present and gain insight into the future, it is important to know and understand the past. Artifacts and scientific specimens added to the collections provide a basis for such knowledge. The collections in the Museum of Natural History, amassed in the 19th and 20th centuries, document advances in science as well as past and present environments and their flora, fauna and human cultures. As such, the collection provides a fertile source of data for research.

The goal of such scientific collecting is to bring together a sufficient number of items and enough documentation and other supporting written information to allow significant comparisons and systematic studies of entire species, cultures and classes of geologically important materials.

At other museums, those with art and history collections, additions to the collections are made to present aesthetic high points in the history of art and culture and to capture the range of a particular artist's work. History museums seek both unusual and common examples of human society.

The formal process by which an object or specimen is added to the collection is known as accessioning. Because this is considered a permanent step, careful consideration, following established Smithsonian policy, is given to whether an object should be added to the Smithsonian's collections. The decision is made by curators, museum administrators, directors and, in some cases, advisory boards. The criteria used to make this decision are: the object's scholarly, scientific, historical or aesthetic importance; its appropriateness to the collections; the need for such an object to fill a gap in the collection; its condition and potential for exhibition and preservation; its provenance or origin, and the stipulations of the donor.

Material comes to the Smithsonian through field expeditions, donation, bequest, exchange and through purchase. Many of the scientific specimens are collected in the field by researchers and brought to the Smithsonian with supporting documentation. Others are donated by private collectors. Regardless of the way in which an object or collection comes to the Smithsonian, they are subject to stringent evaluation before being officially accessioned.

Once an object is accepted into the Smithsonian collection, it is held in trust for all mankind. Occasionally, objects are deaccessioned or removed from the collections following a rigorous review. Deaccessions occur because, despite conservation efforts, some objects deteriorate beyond usefulness, others are found to be redundant or duplicative, others do not fit into overall Institutional goals and, therefore, are judged to be better placed elsewhere. Deaccessioned objects may be transferred to other museums, historical societies, government agencies or appropriate non-profit organizations. A small percentage of deaccessioned specimens, artifacts or works of art are traded or sold at public auction.

Limits to collections growth at Smithsonian

In a sense, there is no limit to the growth of some collections at the Smithsonian. As a vital, active museum complex housing the national collections, the Smithsonian collects many artifacts and specimens including those representing various cultures or species that may become extinct. Researchers from entomology, botany and other departments in the Museum of Natural History, for example, are collecting specimens in the tropical forests of Central and South America, Asia and Africa where rain forests are disappearing at a rate of about 100,000 square miles a year, according to United Nations statistics.

The Political History Department in the National Museum of American History will be collecting presidential campaign memorabilia in 1988, as it has in previous campaigns, so that future generations will have a record of this important national activity. And the Smithsonian's Archives of American Art continues to collect and preserve the letters, documents and photographs of artists, collectors and galleries in the United States, making them available for research.

The lives of immigrant and minority peoples are better understood and more widely appreciated when they are properly represented in public collections such

as those at the Smithsonian Institution. The Smithsonian therefore seeks to represent the pluralism of American life and to maintain an inventory of this diversity in its collections. Two exhibitions that opened in 1987 at the Museum of American History illustrate this expanded approach to American history: "Field to Factory" is an exhibit that chronicles the migration of American blacks from rural southern communities to the cities of the North, and "A More Perfect Union" describes the internment of Japanese-Americans during World War II.

Acquiring new objects or collections for the Smithsonian is a decision made by various curators, directors and board members who at times must deal with such unanswerable questions as: Will this collection be needed in the future? Past experience has shown that collections often are used to answer questions that could not have been predicted by their collectors. For example, a large collection of birds' eggs that have been in the Museum of Natural History for decades was used in the 1960s by researchers studying the effects of DDT and other pesticides on the thickness of the eggs' shells, and the role of egg-shell thinning in the decline of certain bird populations.

Collections management policy

The Smithsonian's collections management activities are guided by a detailed written statement that sets forth the purpose of the museum complex and its goals and explains how these goals are interpreted in its collections activity. Policy guidelines were first issued in 1980 and currently are part of an ongoing review process.

The statement offers general guidelines for the wide range of the museums (including the National Zoo) of the Smithsonian Institution.

Thereafter, the purpose and scope of an individual museum's mission is defined, drawing from documents relevant to the establishment of the bureau and setting forth the current nature, uses and goals of the collection.

Acquisitions standards are established for accepting objects and specimens into the national collections. Standards address legal matters such as donor restrictions, purchasing authority, the provenance of an object, appraisals, copyright law, endangered species and repatriation concerns.

Deaccessioning is a responsibility of prudent collection management and can be accomplished only when the collection is understood and under control.

Methods of disposition and record-keeping requirements are defined and potential public response is carefully considered.

Lending and borrowing objects and specimens occurs frequently for purposes of exhibition and study throughout the world. Here, more than almost any other area, risk control is practiced because objects and specimens are in jeopardy when traveling.

Care of the collections includes physical storage, handling and conservation considerations, all of which are basic to museum operations.

Accountability standards comprise another cluster of activity addressed in the collections management policy. Methods and levels of security and record keeping (including collection inventory) fall under the accountability rubric.

Record keeping in a museum implies that actions which involve objects and specimens are recorded and become part of the collection history. The records hold scientific and historic data, as well as operational information. The record parallels the physical collection and enriches its value to the institution.

Uses of the collections

Research has been an essential function of the Smithsonian since its founding. At the National Museum of Natural History, for example, the more than 118 million specimens and artifacts of human cultures provide a focal point for the collections-based research conducted by the museum's scientists and by other researchers. Numerous scientists all over the world use these collections, either as visitors or borrowers.

Among the collections used by researchers to examine modern-day problems are the 5,000 specimens of diseased fish that provide information on the high prevalence of cancer in fish that lived in chemically contaminated bodies of water; an extensive collection of cataloged skeletal remains used for National Institutes of Health-funded studies on the origins of disease, and the collection of marine animals discovered in previously unexplored underwater caves which included both a class of crustaceans that had been unknown to scientists and 20 new species.

Museum volcanologists continue to collect the ongoing eruptive products of the Mount St. Helens volcano, which exploded in 1980. Studying the changing

chemistry and gas content of successive lavas helps scientists understand the mechanism that drives the volcano's continuing activity. Eventually, aided by data from this research at the Museum of Natural History, it may be possible for scientists to predict the phases of eruptions of Mount St. Helens and other volcanoes.

At the Smithsonian's art museums, collections-based research often results in exhibitions in which the results of years of research are shared with the visiting public. For example, among the projects at the Hirshhorn Museum and Sculpture Garden in recent years were the biographical survey of living artists represented in its permanent collection and an investigation of relief sculpture, which led to a 1986 exhibit, "Relief Sculpture from the Permanent Collection."

Among current research projects at the National Portrait Gallery are a study of American portrait paintings from 1700 to 1776 and a study of the portraits and biographies of members of the first U.S. Congress. Publication-oriented research continues on, among other projects, the photographs of Mathew Brady and the papers of Charles Willson Peale.

A breakdown of the Smithsonian's collections by museum:

Arthur M. Sackler Gallery
2,106 works of art
Collection includes 967 works of Asian art (jades, bronzes, Chinese lacquerware, Chinese paintings, Near Eastern works in silver, bronze and gold) donated by the late Dr. Arthur Sackler, as well as recent acquisitions such as a collection of Persian and Indian manuscripts of the 12th to 18th centuries.

Cooper-Hewitt Museum
167,000 decorative and fine art objects
Decorative art objects such as furniture, glassware, jewelry, silver, prints and drawings, textiles and wallpaper samples.

Freer Gallery of Art
34,611 works of art
Works of art from Asia include bronzes, paintings, pottery and ceramic objects, manuscripts and lacquerware.

Hirshhorn Museum and Sculpture Garden
13,006 works of art
Collection of modern art has 5,131 paintings, 2,702 sculptures, 5,054 works on paper and 119 works of decorative art. The total includes 5,878 works of art received from the 1981 bequest of Joseph Hirshhorn. Mr. Hirshhorn's gift of about 6,000 works of art in 1966 formed the nucleus of the museum's collection.

National Air and Space Museum
29,000 artifacts
Collection includes 342 planes, 126 missiles, 64 satellites and 78 spacecraft, as well as thousands of instruments, memorabilia, clothing, awards and models.

National Museum of African Art
6,500 works of art
Housed in the new museum on the Mall, the collection includes sculpture, textiles, utilitarian objects and decorative arts in wood, metal, ivory, gold, copper, fired clay and fiber.

National Museum of American Art (and Renwick Gallery)
34,000 works of art
Includes paintings, decorative arts, miniatures, graphic arts by American artists and American craft objects.

National Museum of American History
16 million artifacts
Collections are divided into divisions:
History of Science and Technology (about 1.8 million artifacts)
- agriculture and natural resources
- armed forces history
- computers, information and society
- electricity and modern physics
- engineering and industry
- medical sciences
- physical sciences and mathematics
- transportation

Numismatics (914,000 coins)
Philatelics (13 million stamps)
Social and Cultural History (about 204,000 artifacts)
- ceramics and glass
- community life
- domestic life
- costumes
- graphic arts
- musical history
- photographic history
- political history
- textiles

National Museum of Natural History
118 million specimens and artifacts
Seven departments include:
Anthropology--(2.2 million artifacts) Includes one of the largest collections of North American Indian artifacts and American Indian materials--baskets, pottery and utilitarian objects.
Botany--(4.2 million) Algae, flowering plants, pressed specimens and microscopic plants.

Entomology--(30 million) Butterflies, moths, mosquitoes and beetles. Collection includes all 30 of the known orders of insects.
Invertebrate zoology--(32 million) Marine and fresh water animals including sponges, crayfish, mollusks, worms and shrimp.
Mineral sciences--(362,000) Includes gems, minerals, rocks and meteorites.
Paleobiology--(40 million) Fossil fish, fossil flora and fauna, sharks' teeth, and foraminifera (microscopic organisms on slides).
Vertebrate zoology--(9.2 million) Mammals, birds, reptiles, fish and amphibians. This collection includes birds' eggs and nests, fur pelts and elephant skulls.

National Portrait Gallery
14,500 works of art
Prints, paintings, sculptures, drawings and photographs of Americans who have made important contributions to the nation. The collection includes the Meserve collection which is 5,400 glass plate negatives taken by photographer Mathew Brady in the 19th century. Portraits of all U.S. presidents and about 1,300 pieces of original art work from Time magazine covers of the late 1970s and early 1980s are part of the collection.

National Zoological Park
More than 4,600 living animals
The zoo's living collection is divided into four departments: mammalogy, herpetology, ornithology and invertebrate zoology (the four exhibit areas). The zoo's Conservation and Research Center, located in Front Royal, Va., is a breeding preserve for rare and endangered species.

Attachment 2

FY 1989 CONGRESSIONAL BUDGET REQUEST
(By Area of Emphasis)

BUREAU/NAME	ITEM OF INCREASE	FTE	DOLLARS
1.	OMB Workyear Ceiling	3,975.00	0
2.	WORKYEARS (catchup)	135.00	0
3.	FY 1988 APPROPRIATION	4,091.68	201,432
4.	NECESSARY PAY, PAY RAISE, RENT, AND UTILITIES	36.82 *	5,509 *
5.	PROGRAMMATIC CHANGES:		
A.	AREA OF EMPHASIS: RESEARCH		
NPG	Less one-time: Constitution Bicentennial	0.00	(139)
STRI	Less one-time cost: Tupper furniture	0.00	(184)
STRI	Less one-time: BCI-Gamboa equip & furn.	0.00	(114)
SIL	Less NMAfA Lib coll.devlpmnt prog. funds	0.00	(219)
STRI	Molecular evolutionary studies	0.00	400
SAO	Staffing-Submillimeter Telescope Array	3.00	199
Instru	Submillimeter Wavelength Telescopes	0.00	611
Instru	Multiple Mirror Telescope Conversion	0.00	70
STRI	Equipment replacement and acquisition	0.00	114
OFP	Folklife Program Archives Staff	2.00	54
NASM	Historical Research - Aeronautics	2.00	125
OIS	Expand Ongoing Seminar Series	0.00	15
NZP	Support of Existing Facilities	8.00	327
NMNH	Biological Diversity	4.00	315
SIL	Com. Doc. Del. /Loan Technician	1.00	69
SIA	Space rental	0.00	51
NMAA	Inventory of American Sculpture	0.00	53
NMNH	Molecular Systematics Lab	5.00	650
NZP	Molecular Systematics & Evolution	2.00	194
NMAFA	Photographic Archives	1.00	40
NMNH	Evolution of Terrestrial Ecosystems	2.00	100
C-H	Asst Curator Prints/Drawings	1.00	35
STRI	Staffing for administrative support	2.00	40
SAO	Increased Rental Costs	0.00	120
SIL	Serial Inflation	0.00	55
	SUBTOTAL	33.00	2,981
B.	AREA OF EMPHASIS: PUBLIC SERVICES		
NSRC	Teaching resource collection	1.00	35
NMNH	Renovation of Permanent Exhibit Halls	4.00	100
NMAH	Exhibit reinst.($100)/electrical ($100)	0.00	200
NMNH	American Indian Outreach Program	0.00	75
NMAH	American Indian Outreach Prog.staff asst.	1.00	24
	SUBTOTAL	6.00	434

* INCLUDES ANNUALIZATION FOR ALL POSITIONS PARTIALLY FUNDED IN FY 1988.

:BUREAU: :NAME :	:ITEM OF INCREASE	FTE	DOLLARS
C. AREA OF EMPHASIS: COLLECTIONS MANAGEMENT			
:NMNH :	:Collections Management Support	6.00	430
:NMAH :	:Collections Information System	3.00	215
:MSC :	:Asbestos contamination evaluation	6.00	150
:FGA :	:Collections Storage Equipment	0.00	300
:AAA :	:Archival Registrar	1.00	39
:NMAfA :	:Asst. Objects Conservator	1.00	44
:NMAA :	:Objects Conservator	1.00	70
:NMAH :	:Conservator for general backlog	1.00	60
:C-H :	:Collect. Mgt.-- Data Entry	0.00	30
:NASM :	:Collections management projects	2.00	125
:NPG :	:Comp. Sys. Mgr.& Storage	1.00	65
:AM :	:Registrar and Library Technician	2.00	70
	SUBTOTAL	24.00	1,598
D. AREA OF EMPHASIS: ADMINISTRATION			
:OEM&S :	:Less one-time cost: storage system	0.00	(39):
:OEM&S :	:Less one-time cost: automation	0.00	(31):
:ODC :	:Less one-time cost: automation	0.00	(75):
:OFMP :	:Base Deficiency-Deputy Director	1.00	100
:OPersA:	:Staffing Requirements	4.00	126
:OAFS :	:Accounts Payable	2.00	35
:OEM&S :	:Environmental and safety programs	6.00	400
:OPlant:	:Maintenance/Staffing GPO Building	2.00	60
:OAFS :	:Data Entry	1.00	19
:OPS :	:Staffing Requirements - GPO	12.00	282
:OAFS :	:Account reconciliations	1.00	20
:OPPM :	:Staffing	2.00	126
:OAFS :	:Accounting Procedures and review	1.00	20
:OPlant:	:Staffing Requirements - General	11.00	390
:OIRM :	:Personnel Payroll System (Phase IV)	0.00	100
:OPS :	:Staffing Requirements - Quad	10.00	221
:OFMP :	:Financial Systems	0.00	400
:OFS :	:Staffing Requirement	1.00	66
:Audits:	:Automation	0.00	30
:Archit:	:Staffing Requirements	1.00	29
:OIRM :	:Staffing Requirements	2.00	68
:OPS :	:Base deficiency	0.00	310
:ODC :	:Staffing for expanded R&R program	13.00	691
:OPPM :	:Staffing for expanded R&R program	8.00	425
:OEM&S :	:Staffing for expanded R&R program	2.00	106
:Audits:	:Staffing for expanded R&R program	1.00	46
:OAFS :	:Staffing for expanded R&R program	1.00	20
:OPersA:	:Staffing for expanded R&R program	1.00	42
	SUBTOTAL	83.00	3,987

:BUREAU: :NAME :	:ITEM OF INCREASE	FTE	DOLLARS
E. AREA OF EMPHASIS: INTERNATIONAL AND ASSOCIATED PROGRAMS			
:OESE :	:Quincent: Hispan/bi-cult Curr Kits	0.00	38
:OFP :	:Quincent: Symposia programs	0.00	50
:NMNH :	:Quincentenary	0.00	50
NASM :	:Quincentenary	0.00	11
:NMAH :	:Quincentenary	1.00	45
:NMAA :	:Quincentenary	0.00	25
:C-H :	:Quincentenary	0.00	24
:SITES :	:Quincentenary	0.00	30
	SUBTOTAL	1.00	273
	TOTAL, CHANGES	147.00	9,273
6. SALARIES AND EXPENSES		4,275.50	216,214
7. CONSTRUCTION AND IMPROVEMENTS, NATIONAL ZOOLOGICAL PARK			
--Repair and Renovations, Rock Creek		0.00	1,555
--Repair and Renovations, Front Royal		0.00	550
--Amazonia Exhibit (Aquatic Habitats-Phase I)		0.00	3,200
		0.00	5,305
8. REPAIR AND RESTORATION OF BUILDINGS			
--Repairs, Restoration and Code Compliance		0.00	17,135
--Major Capital Renewal		0.00	3,700
		0.00	20,835
9. CONSTRUCTION			
--Whipple Base Camp		0.00	3,200
--STRI: BCI Lab and Research Facilities		0.00	2,750
--Construction Planning		0.00	1,000
--Minor Construction, Alterations and Modifications		0.00	3,200
		0.00	10,150
10. SMITHSONIAN INSTITUTION REQUEST TO CONGRESS		4,275.50	252,504

SECRETARY'S SUMMARY

Senator REID. We would appreciate it if you would summarize your statement, and we have some questions based on the statement that is part of the record, which we will proceed to ask as soon as you have summarized your statement.

Mr. ADAMS. Thank you, sir.

Mr. Chairman, you have copies of my longer statement, and I will only touch on a few highlights of it in order to permit maximum time for discussion.

What I do not want to paraphrase is my personal appreciation and that of my colleagues for the good will that the subcommittee has extended to the Institution across the years.

We are acutely aware, of course, of the limits on the Federal budget and the difficulty of the decisions that this committee faces. Your support for our efforts reflects, we believe, the importance of the mandate of the Institution, and I hope it expresses confidence in the way in which we are trying to carry out that mandate.

The Board of Regents and the staff are particularly grateful for the increased level of support that has been reflected in the current fiscal year that permits us to begin to deal comprehensively with a massive backlog of repairs and preservation of the Institution's physical facilities. These are as important to the fulfillment of our mandate as are collections and staff. Like those resources, they must be brought up to and maintained at a high standard.

I am pleased to report that as a result of concern as well as encouragement within and outside the Institution we are nowfully engaged in wide-ranging actions to ensure that our programs are staffed and represent the cultural and ethnic diversity of our Nation.

Among these actions are a recently announced plan to simplify the hiring of minority professionals and the strengthening of our search process for our senior managers.

In addition, we are examining ways to increase advancement opportunities for current employees. Many of our museums and offices are now engaged in review of program involvement.

Over the coming year I am confident that we will see important changes in the Institution and in the way it is perceived and accepted by the full range of audiences it was established to serve.

As we look around the corner of the decade and toward the end of the century, we are mindful of the extraordinary opportunities that lie ahead for the Institution. We sense as well the problems, the outlines of which are not fully defined and the results for which we cannot even begin to suggest solutions.

MUSEUM OF THE AMERICAN INDIAN

We continue to believe that the collections of the Museum of the American Indian at the Heye Foundation in New York may yet provide a singular opportunity to establish a National Museum of the American Indian on the Mall here in Washington. As you know, we

discussed a proposal in that regard with the museum's board of trustees last June, but suspended negotiations in August, when it became clear that they would be fruitless until certain political and legal issues to which we are not a party were resolved in New York.

To the best of my knowledge, efforts to resolve those issues are continuing, and we hope that a conclusion is reached soon. Otherwise, I fear the collections may suffer the exigencies of time and environment and will eventually be lost to the public at large and the cultures from which they were derived.

NATIONAL AIR AND SPACE MUSEUM EXTENSION

Another opportunity, as well as the fulfillment of a critical need, is present in the prospective extension of our National Air and Space Museum. At their meeting on February 1, the Board of Regents agreed to proceed with a study of the requirements, the first step in the process of proceeding with the extension. I have appointed a small group of key Smithsonian staff to assist in that project which, among other things, will not only define the nature of the extension but also the nature of the activities housed in the museum on the Mall and the interrelationships of both.

Clearly, in terms of our own needs and those of visitors, it makes no sense to have one museum mirror the other. It is also clear that while an extension will give us a substantial increment of new space in which to illustrate more fully the principles of science and technology, the international aspects of the development of air and space flight, and the technological derivatives and applications of those activities to planet Earth, how and where these and other museums take place remains to be determined in the course of our planning.

SPACE REQUIREMENTS

These prospects as well as that represented in the planning funds we seek in the current request for the old General Post Office Building are forcing us to examine more thoughtfully than we have ever done before the interstices of needs such as those for additional collections storage, library, and archival facilities, which cut across a large number of Smithsonian bureaus and offices, with requests for specific projects that are rooted in individual bureaus or disciplines, such as air and space or art history.

The problems I alluded to earlier are in fact a series of questions of the decisions in which the needs of a single museum and the target of opportunity such as an available or prospective building must be considered within the universe of the Institution.

Requirements for similar kinds of space in other bureaus must be factored into such an equation, as must the knowledge that not all the bureaus can attract outside support or be located near vacant historic structures. The bureaus' needs for space must be addressed in the total Smithsonian context because they are not each a ship on its bottom, but rather institutional commitments to the increase and diffusion of knowledge.

The answers to such questions and the decisions they entail are central to the vigor with which the Smithsonian approaches the 21st century.

Mr. Chairman, I look forward to our discussions and to your questions and those of other members of your subcommittee.

TWO-PERCENT INCREASE

Senator REID. Thank you a lot.

For 1989 you are requesting increases totaling almost 10 percent. I am sure you are aware that OMB looked more favorably on your budget than any other major agency funded in the Interior bill.

Last year in the budget summit agreement, which was made part of the law of this country, was a provision generally for a 2-percent increase in 1989.

What would it look like if it contained only a 2-percent increase over last year? I am wondering at this point have you done that analysis?

Mr. ADAMS. We can certainly speak to that, Mr. Chairman. I might request at this point that some of my colleagues come to the table who are more familiar with the details.

Mr. Dean Anderson, the Undersecretary, and Ms. Suttenfield, Director of Planning and Budget.

We will be bringing some of the Assistant Secretaries to the table presently, but certainly for these initial questions on budget this is the essential crew.

Let me say with regard to the general question, first of all, that the Smithsonian is distinguished from many, probably most, other government operations, in that the level of our uncontrollables is quite different than that which is characteristic of the Government generally.

We must handle within our own budget funds for utilities, for example, which in other cases would be carried through to the GSA budget. That is a source of uncontrollable growth which I think we need to take into account.

We also are faced with the addition to the Institution's roster of a major new building complex that came online only at the beginning of last year, with requirements for staffing that are still not fully met. I think OMB was conscious of those.

With regard to the details of what would be involved if we were to cut back to a level commensurate with that of the average which the initiative set, let me ask Mr. Dean Anderson to speak to that.

Mr. ANDERSON. I think one of the first effects, simply arithmetically, Mr. Chairman, would be the zeroing out of all of the program increases that are in the budget before you. If I did the arithmetic in my head just now correctly, I think it would also mean some of the base that we have presently attributed to program activity would have to be redirected in order to meet the uncontrollable increases of the sort the Secretary was just mentioning.

We'd have to take some funding that is now in support of programs of our museums and research laboratories or public education activities and turn that over to helping to pay the light bill, for example.

Senator REID. What would be your single highest priority over last year's funding level? Is there one object or program?

Mr. ANDERSON. The budget before you was presented first to the Office of Management and Budget and then to the committees of Congress with definite priorities in mind. I think it is fair to say that a continuation of priorities from the previous year is that of improving and strengthening the infrastructure in support of research at the Smithsonian.

Senator REID. What we will do, rather than spend more time on that now, I think it would be appropriate that you provide a detailed list of increases at the 2-percent level for the record.

Could you do that?

Mr. ADAMS. Fine, Mr. Chairman.

[The information follows:]

FISCAL YEAR 1989 BUDGET REQUEST AT THE 2-PERCENT LEVEL

No programmatic increases could be supported at a 2-percent increase level. The Smithsonian Institution's fiscal year 1988 appropriation for the "Salaries and expenses" account was $201,432,000. A 2-percent increase over this level would allow an additional $4,029,000. The Institution's uncontrollable increases required for fiscal year 1989, including annualization of new positions contained in the fiscal year 1988 appropriation, legislated pay increases for onboard staff, workers' compensation, utilities and rent are estimated at $5,509,000. Therefore, a budget limited to a 2-percent increase over the fiscal year 1988 appropriation level would not be sufficient to cover even these uncontrollable costs.

TUPPER LAB AND CONFERENCE CENTER CONSTRUCTION

Senator REID. During last year's hearing, we discussed the construction of the Tupper Laboratory and Conference Center at the Smithsonian Tropical Research Institute in Panama. At that time it was anticipated that construction would be completed by June of this year.

Is the construction still on schedule?

Mr. ADAMS. I will ask Mr. Robert Hoffmann to come to the table with us. He is the Assistant Secretary for Research, and he will speak to that in more detail.

Let me say that in general we still are on schedule. There are problems, as I understand, with concrete deliveries. There is a shortage of fuel. But perhaps Mr. Hoffmann can address that.

Mr. HOFFMANN. Yes.

As you know, the situation in Panama has resulted in our having to take certain steps to make sure that our operation has remained essentially unaffected. We have been successfully doing that, with the major exception that the construction which depends upon transportation of materials, the flow of this material has been interrupted.

We are probably on the order of 1 month behind schedule. This is a delay which we could reasonably expect to catch up on through accelerating the work schedule once conditions return to normal, assuming that that happens soon. If it does not happen soon, then we will be faced with some additional delays, but this is obviously something that is very difficult to predict.

Senator REID. Your 1988 budget also included funds for staffing and furnishings at the center.

Will they still be needed this year?

Mr. HOFFMANN. If the situation in Panama resolves itself soon, as I indicated, we can probably get the project essentially back on schedule. If that is the case, then, yes, we would continue to need that funding for operations.

At the present time, though, since we cannot say when the situation will be resolved, it becomes really impossible to make a prediction. I think we will simply have to wait.

But I think what we would like to do is to prepare a more detailed answer to that for the record and hope that within the next few days we can work with you and see what is going to happen on that.

ESCALATION COSTS

Senator REID. Your 1989 budget includes $2,750,000 for construction of a laboratory and growing facility at STRI and an additional $415,000 for minor construction items. Included in the request is $350,000 for anticipated escalation in project costs.

Why this?

Mr. HOFFMANN. I think I would like to call on Allen Smith.

Is Allen here?

He has the details. Allen is the Acting Deputy Director at STRI and has the details of this project.

Mr. SMITH. Mr. Chairman, I think we would want to come back to you with a more detailed discussion of those costs.

Senator REID. Keeping in mind that our experience with OMB always has been that they have the escalation built in their figures, so it would be surprising to me that you would have to include this separately.

So if you could address yourself to that, either now or at some subsequent time. You have indicated that you don't have the information now?

Mr. SMITH. Yes; we will come back with that information.

[The information follows:]

BARRO COLORADO ISLAND LABORATORY AND GROWING FACILITY

The $350,000 escalation represents approximately 15 percent escalation for the 5-year period fiscal year 1989 (date of master plan estimate) through fiscal year 1990 (assumed mid-point of construction).

CONSTRUCTION COSTS

Senator REID. You have already indicated that with the current Panamanian situation it may not be possible to accurately estimate construction costs a year from now.

Is that a fair statement?

Mr. HOFFMANN. I think that is a fair statement.

GENERAL REPAIRS

Senator REID. Your budget, on pages 273 through 276, displays a listing of projects you propose to fund with the $20.8 million requested for repair and restoration of buildings. The list includes six items, totaling $230,000, identified as general repairs.

Mr. Adams, can you or a member of your staff address the nature of these general repairs?

Mr. ADAMS. I would like Mr. Richard Siegle to do that, if he could come forward.

Mr. SIEGLE. Mr. Chairman, the item under general repairs includes those items that are not specifically contained under the other categories. There is a category for facades, there is a category for fire protection, safety and security et cetera. But there are items under general repair that don't fit neatly into the other categories. So this is a general category.

Senator REID. But they are identifiable?

Mr. SIEGLE. Yes, sir.

Senator REID. All the $230,000 is identified by a specific item of construction and/or repair?

Mr. SIEGLE. Right, and we have—in our budget submittal, by building and by category, all of the projects that are in there. But if there is any more finite breakdown or description of any specific project, we can provide that, also.

Senator REID. Why wouldn't you make this request under the Office of Plant Services?

Mr. SIEGLE. Most of this is work that is done by contract, not in-house performance. We figure projects that have some skills that maybe we don't have in-house. In general, the work under the R&R program is performed by contract.

EMERGENCY REPAIRS

Senator REID. Under miscellaneous locations, the budget requests $200,000 for emergency repairs throughout SI.

Isn't it possible to reprogram funds from other projects if emergencies arise?

Mr. SIEGLE. We try to project a couple of years in advance what equipment needs to be replaced and when, but we have a backlog of that sort of thing. So each year there are pieces of equipment that fail unexpectedly. Sometimes they are quite large, compressors or pumps or transformers or something of this nature, and we need to immediately enter into an emergency contract to have them replaced. We may not have any surpluses from other jobs, particularly if it is the beginning of the year before the other work is accomplished.

Senator REID. What level of emergencies have you experienced over the last 3 years?

Mr. SIEGLE. I don't have those figures in my head, but we base that request on the norm that we have been experiencing over the past years. As our level of maintenance improves over the years, the amount

of unexpected failures will go down and the amount of need for emergency repairs will go down.

CHILD CARE CENTER

Senator REID. On page 276, there is a request for $300,000 for a child care center.

Is this for the employees' children?

Mr. SIEGLE. Yes, it is. All the costs for operating the child care center would be borne by the people whose children are there, the cost of the staff and things of that nature.

Senator REID. Then the $300,000 is for the physical facilities?

Mr. SIEGLE. To provide space.

Senator REID. I have cosponsored a couple of bills in the Senate relating to child care and the private sector, and I think that the examples of how we are reacting on the Federal level will certainly help. It is a tremendous problem.

Mr. SIEGLE. We feel the same way. It is very difficult for our employees to find adequate places for keeping their children.

Senator REID. I don't want to dwell on this, but all the statistics and everything indicate that you will have much better employees if they know that their children are taken care of.

Mr. SIEGLE. That is our feeling, precisely.

EXPANSION OF THE AIR AND SPACE MUSEUM

Senator REID. I think I can't stress too much the tremendous problem that we have been having with children. I am glad to see that, and I would like to visit it someday.

I understand you have a study underway of the possible expansion of the Air and Space Museum.

What is the purpose of the study?

Mr. ADAMS. Well, there has been tremendous interest, indeed, from a number of directions. If I might point out, first of all, there are many major artifacts in our collection, aircraft, and spacecraft, which cannot find a place in the present Air and Space Museum. They are parked on the tarmac out at Dulles or in our repair facility at Silver Hill, and I think it would be a tragic loss to the Nation if, having made such a comprehensive collection that in fact summarizes this Nation's contribution to the leap into the air and into space, its leadership in that over the course of the century, we were to terminate arbitrarily because we have no more space in which to exhibit these space and air vehicles.

It seems to me that is a distinctive achievement of the United States which ought to be a part of sort of the permanent record for visitors to see here in Washington. So there is a sense in which we feel we must go ahead with an additional facility in order to make possible the presentation of that collection.

If we do so, however, we cannot simply make it an overflow facility or a museum on the Mall. It is important to have it adjacent to the airport because many of the kinds of craft that ought to be exhibited are

not the kinds that you can bring down Constitution Avenue and put into a museum. They need to be exhibited where they can be landed and brought in. That dictates the location near an airport.

Once you then say that you are going to have a new facility there, you have got to reconfigure both the existing museum and the one that might come into existence there in such a way as to give them some integrity as to program.

The study that we are now carrying on is at a conceptual level. It is designed to give us a framework of thought.

Senator REID. Who is doing the study?

Mr. ADAMS. This is being carried on internally. This is a study that will lead to a report on what the nature of the two structures might be and what their programs might be rather than the design of a facility.

Senator REID. You don't at this stage know if this study is going to relate to an expansion of the Air and Space Museum?

Mr. ADAMS. Of the existing Air and Space Museum? I don't believe we have any plan whatever to expand the existing Air and Space Museum. I think that would run into serious problems with the National Capital Planning Commission.

MUSEUM OF THE AMERICAN INDIAN FEASIBILITY STUDY

Senator REID. They were before us a few weeks ago.

What is the status of the feasibility study on the Museum of the American Indian?

Mr. ADAMS. That feasibility study is about to go to the stage of formally making public a request for proposal. We have been in communication with the Museum of the American Indian staff on this, and I think we are essentially in a final agreement as to what the precise specifications of the RFP ought to be.

Senator REID. Does today's budget include any funding related to the Museum of the American Indian?

Mr. ANDERSON. I don't believe it does, Mr. Chairman.

Senator REID. What we would like you to do is prepare a status report of all the efforts relating to this museum.

Mr. ADAMS. You understand, Mr. Chairman, that at this point our activities are essentially on hold.

Senator REID. That is the New York problem?

Mr. ADAMS. That is really a New York problem until the problem has been worked out there.

POLYCHLORINATED BIPHENYLS TRANSFORMERS

Senator REID. Last year you indicated that it would be 1989 before all PCB-contaminated electrical transformers could be replaced or retrofitted.

How are you doing in that regard?

Mr. ADAMS. I think we are doing very well, but Mr. John Jameson, the Assistant Secretary for Administration, will be able to speak to that.

Mr. JAMESON. Mr. Chairman, we will complete that project in the spring of 1989. A contract has been awarded for all the work.

Senator REID. What has been the cost to eliminate these?

Mr. JAMESON. It will be approximately $4 million. We have on the order of 60 such transformers. Most of them have to be taken out of existing buildings. In many cases the concrete on which the transformers were rested will have to be taken up, so that if there is any contamination from minor spills or leakages that problem can be corrected.

WATER AND SEWAGE PAYMENTS TO THE DISTRICT OF COLUMBIA

Senator REID. Last year OMB issued a bulletin which mandated that Federal agencies receiving District of Columbia water and sewage services should make payment directly to the District government. Your additional costs, for which no funding was budgeted, would have totaled some $3.5 million in 1988. There does not appear to be any provision covering these costs in this year's budget; that is, the 1989 budget.

What is the status of this OMB proposal?

Ms. SUTTENFIELD. We were not told by OMB that they would be submitting the 1989 budget with funding for payments for water and sewer appropriated to the user agencies in the District, and we learned within the last couple of weeks that this an oversight on OMB's part.

We are now projecting that we will have an unfunded requirement in 1989 of approximately $3.2 million for water and sewer payments.

POLAR BEARS

Senator REID. You are going to convert the existing polar bear exhibit at the National Zoo.

What is going to happen to the polar bears?

Mr. ADAMS. The polar bears are no longer part of the Smithsonian establishment, but I think Mike Robinson, the Director of the zoo, had better speak to that issue.

Mr. ROBINSON. Yes, sir; this was one of those unfortunate errors of architecture that aren't obvious until the thing is finally done, and the polar bears were in an exhibit facing south. As a consequence, in the Washington summer when the trees were removed, the water was reaching temperatures of over 100 °F and their exhibit was reaching that temperature. It was a mistake in the original design, I can happily say before my time. [Laughter.]

AMAZONIA EXHIBIT

We are capitalizing on the fact that it faces south to create the appropriate exhibit. That is where we are building the Amazonia exhibit where facing south it will be inundated with sunshine. That is a great advantage, and we will save more than $1.5 million by utilizing the concrete.

Senator REID. The bears are going to Detroit?

Mr. ROBINSON. The bears left 2 years ago on animal welfare grounds. One of them is in Detroit and two are in Chicago at the Brookfield Zoo, where we hope they are going to be breeding and eventually will have control of the cubs to bring them back. One of these two bears was on loan to us from the Brookfield Zoo.

Senator REID. I hadn't been to the zoo for a while. That is the only reason I used to go, is to see the polar bears. [Laughter.]

Mr. ROBINSON. I would like to offer you a chance to come to the zoo and see some of our more magnificent exhibits. We have two baby spectacled bears this year, which are a remarkable achievement. They are an endangered species, the only bear that occurs in South America. The mother is currently denned up with two babies. This is the second year in succession we have bred this endangered species.

Polar bears, as you may know, are no longer considered endangered in certain areas. They are proving a nuisance in Alaska and elsewhere. They are a good exhibit, but we have got some finer ones. We can offer you sea lions. [Laughter.]

RUSSIAN ART EXHIBIT

Senator REID. During last year's hearing, we discussed the Hirshhorn Museum's travel budget. We mentioned that the Director would be traveling to the Soviet Union. He was going to pursue the opportunity to exhibit some early 20th century Russian art here in the United States.

Did anything ever come of this trip?

Mr. ADAMS. Yes; we are delighted to report that that exhibit is currently scheduled. I believe it will open in July or August.

Senator REID. And those moneys for that are already in the budget?

Mr. ADAMS. Yes.

SOLE SOURCE CONTRACTS

Senator REID. Your budget on page 13 stated that you have reduced the number of sole source contracts as part of your compliance with the Competition in Contracting Act.

Describe for the subcommittee the progress you have made in this area.

Mr. JAMESON. Mr. Chairman, we have very few sole source contracts. The only example of sole source contracts that I am currently aware of is for purchases for the collections of a specific object or specimen that by its nature would dictate that it is sole source. But I would say 90 percent or better of our contracts are competitive of one sort or another.

FUNDING FOR GUARD POSITIONS

Senator REID. You are requesting on page 254 an increase of some $310,000 to provide funding for 13 guard positions previously authorized by Congress and the purchase of essential equipment, supplies, and services needed to support these positions. Each year since 1986 funding for these positions has been requested.

Are these positions that were previously funded in your budget?

Mr. ADAMS. Mr. Jameson.

Senator REID. I think maybe you are going to have to take a seat up here. [Laughter.]

Mr. JAMESON. Mr. Chairman, we had both the authorized positions and the funding for them in about 1984 or 1985, if my memory serves me correctly. Then there was an across-the-board percentage reduction which all the Institution's activities took in 1985 and 1986, and we have continued since then not to have the money to be able to fund those 13 positions.

Senator REID. So these funds, were they reprogrammed then?

Mr. JAMESON. They were available when appropriated by the Congress in about 1984–85. They were in the base of the Office of Protection Services and were lost as a result of the across-the-board reduction throughout the Institution.

Senator REID. To whom was the request made to refund these positions?

Mr. JAMESON. The principal one that I recall, Mr. Chairman, was in the 1988 budget to Congress, where we asked if we could reprogram money from summer hours. That was probably a tactical error in the way we made our request, but that was the same $310,000 that showed up in the 1988 budget to Congress. I think, very wisely, the Congress said to continue the late summer hours. That is why we have renewed this request for fiscal year 1989.

Senator REID. Your justification this year talks of the need to close exhibition galleries and other spaces as a result of understaffing.

How specifically have your hours of operation been affected by not having these 13 guard positions?

Mr. JAMESON. We have made no adjustments to the hours of operation. We still have a primary 10 o'clock in the morning to 5:30 in our buildings and open after that in the evenings in summer.

What we have had to do, Mr. Chairman, on a spot basis, when there were inadequate guards in any given building, is to close areas within a building to the public.

We can provide quite a list of areas we have had to close.

Senator REID. Would you do that?

Mr. JAMESON. Yes, sir.

[The information follows:]

CLOSURE OF GALLERIES DUE TO LACK OF GUARDS

The major museums where galleries have had to be closed due to the shortage of guards have been the Museum of American History and the Hirshhorn Museum and Sculpture Garden. In these museums, a system of rotating the closure of galleries for 2 hour intervals has made it possible for visitors to return to a closed area later in the day. We have been able to limit the times this has happened to about 20 in both museums, because of a decision made early this year to reduce coverage in other areas. The south door of the Freer Gallery of Art was closed to the public permanently, and entrance doors of other museums have had to be closed intermittently, so that the guards normally posted there could be reassigned to patrol exhibit galleries. Nighttime coverage has also been reduced to the barest minimum in order to have guards avail-

able to cover the exhibit areas during the day so that they may remain open to the public. During some periods of acute shortages—due to illness, et cetera—extensive overtime has been required to keep galleries open, which has cost approximately $60,000 so far in fiscal year 1988. The additional cost, however, has reduced the funding available to replace worn out security devices in Smithsonian museums, which is a vital component of an effective security program. The actions taken have increased the risk to the collections and we would not want this situation to continue.

GUARD STUDY

Senator REID. Last year we were told that a study was underway to determine if your guards could be hired at the GS–3 level rather than at the current 4 or 5 level.

What has happened there?

Mr. JAMESON. Mr. Chairman, we hire both at the 3 and the 4 level, depending on who we can find and the kind of qualifications and experience we find in the recruitment process. Part of the problem is that neither grade 3 nor grade 4 pay is very good. Sometimes veterans' preference gets in the way. If it gets badly in the way, then the OPM allows us to take any qualified employee.

Senator REID. Was there an actual study done?

Mr. SIEGLE. Not a formal written study, no, sir. We were having trouble at that time getting qualified people at the 4 level. So then we started recruiting at the 3, with no experience, but the 4 level requires at least 1 year experience as a guard.

MAINTENANCE AND REPAIR BACKLOGS

Senator REID. Last year, in response to subcommittee questions for the record, you indicated that if the restoration and renovation budget were increased to $30 million in 1989 and to $45 million in subsequent years and if the major capital renewal program were increased to $10 million in 1989 and $15 million in subsequent years, the major portion of your maintenance and repair backlog would be eliminated by 1993.

Your 1989 budget request totals $20.8 million for both of these programs rather than $40 million you had hoped for.

If the level of funding in the budget request were continued in subsequent years, in what fiscal year would you expect to eliminate the major portion of the backlog, if you ever could?

Mr. SIEGLE. The backlog we submitted to OMB had $35 million in there for repair and restorationtype projects.

Senator REID. How much?

Mr. SIEGLE. $35 million. Then that was cut back to $20 million by OMB.

If we were allowed to go in at the rate of $35 to $40 million per year, based on the currently identified backlog, then it would be 10 years worth of work.

The thing is, though, that other projects will come up. You know, like 5 or 6 years from now other pieces of equipment will become eligible for replacement at that time. But as far as the elimination of the backlog, we are sitting right now at $196 million in the backlog down

from last year as the result of 1988 funding and in-house work by our plant services people.

So we are looking at about 10 years worth of funding at that level, at that higher level, and we propose to come in with a budget for 1990 at $35 million in repair and restoration aimed at the backlog elimination and bringing our buildings up to code compliance.

Senator REID. Mr. Adams, thank you very much for your testimony and that of your colleagues.

ADDITIONAL COMMITTEE QUESTIONS

The subcommittee as well as individual Senators will have additional questions which can be answered for the record.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Smithsonian Tropical Research Institute - Panama

Question: During last year's Hearing, we discussed the construction of the Tupper Laboratory and Conference Center at the Smithsonian Tropical Research Institute (STRI) in Panama. At that time, it was anticipated that construction would be completed by June of this year. Your 1988 Budget also included funds for staffing and furnishings at the Center. Will they still be needed in 1988?

Answer: Budgeting for the furnishing and equipping of the new Tupper Center was planned over a two-year period with $460,000 in FY 1988 and $276,000 in FY 1989. For many of the items required to complete the building, we need to order at least 4 to 6 months ahead of time to be confident that they will be available when the building is completed. With that kind of lead time, purchase orders must be issued well before the close of FY 1988. Our spending plan calls for the purchase of those high priority items during the current fiscal year and purchase of the less critical and short lead-time items early in FY 1989.

The Tupper Center will create a new and more sophisticated physical plant and associated responsibilities. As a result, we need to hire and train all the new staff well before the building is available. STRI is initiating a comprehensive study of staffing needs with existing and new facilities. For the resultant program to be most effective and if we are to train current and new staff to provide service and maintenance in our new facilities, it is important that our staffing plans be kept on track.

Question: Your FY 1989 budget includes $2,750,000 for construction of a laboratory and growing facility at STRI and an additional $415,000 for minor construction items at STRI. Included in the request is $350,000 for "anticipated escalation in project costs." Don't your construction estimates reflect 1989 costs? For the record, please explain how inflation is included in your construction estimates.

Answer: Cost estimates normally have an escalation factor which represents estimated cost increases from the time the estimate was made to the projected mid-point of construction. The base cost estimate for the STRI Barro Colorado Island Laboratory/Vivarium/ Insectary/Growing House was prepared in FY '86 in conjunction with the STRI Facilities Master Plan. The $350,000 escalation amount represents approximately 15 percent escalation from FY 1986 (date of Master Plan estimate) through FY 1990 (projected mid-point of construction). Therefore, the escalated cost estimate reflects 1990 costs while the base estimate represents 1986 costs. The usual source of the annual projected escalation factors is the U. S. Army Controller General. These annual escalation percentages are compounded to calculate multi-year estimates of escalation.

Repair and Restoration of Buildings

Question: Under "miscellaneous locations" the budget requests $200,000 for emergency repairs throughout SI. Isn't it possible to reprogram funds from other projects if emergencies arise? What level

of emergencies have you experienced over the last three years? How have you handled them?

Answer: The Emergency Repairs line item is intended for unanticipated repairs that require immediate attention within a fiscal year. To use reprogrammed funds from regularly scheduled projects could delay or deny full implementation of those projects, and more importantly the time necessary for processing a reprogramming is not always available when faced with implementing an emergency solution.

The kinds of emergencies over the past three years have been wide ranging. We have experienced extensive leakage and flooding after severe storms at the Freer and American Art & Portrait Gallery Building. This condition compromised the integrity of the building envelopes and endangered Smithsonian properties. Emergency Repairs funding was used to recaulk areas of failed caulking that had caused the flooding. Emergency Repair funds have been used to repair unanticipated roof leaks at the Tropical Research Institute where both research and research equipment have been endangered. Other uses have been repair of bridge and road at the Astrophysical Observatory after river flooding and guard rail repair at the same location, after a trucking accident. It has been used for repair and replacement at American History and the Cooper-Hewitt when mechanical equipment has unexpectedly failed.

Levels of expenditures from the emergency repairs account over the last three years have been $165,000 in FY 1985 ($100,000 appropriated); $102,244 in FY 1986 ($100,000 appropriated); $49,785 in FY 1987 ($50,000 appropriated); and $42,303 so far in FY 1988 ($100,000 appropriated).

Child Care Center

Question: Your budget, on page 276, requests $300,000 for the Child Care Center. Is this Center for your employees' children? For visitor's children? What will be done with the $300,000 requested?

Answer: The child care center is intended for employees' children. The sum of $300,000 is the estimated cost for design and construction of physical modifications for a child care center within the Arts and Industries Building.

Air and Space Museum Study

Question: I understand that you have a study underway on the possible expansion of the Air and Space Museum. What is the purpose of the study? Are any funds being spent to design a specific facility at a specific location?

Answer: This study effort will provide information on program requirements, special needs and relationships, site selection factors, preliminary construction costs estimates, projected operating budgets and an analysis of alternative sources of funds for construction and operations. No funds are being spent for a specific facility or location.

Question: Will authorization be required if construction is planned at a later date?

Answer: The Smithsonian is proceeding with a review for the development of program requirements to report to the Board of Regents in the fall. If Federal funds will be a requirement for constructing an extension of the Air and Space Museum, authorization will be required.

Question: Does this budget include any funding related to the expansion of the Air and Space Museum?

Answer: It is our expectation that a portion of the $1 million requested for Construction Planning in FY 1989 might be used for this purpose, as well as for further planning for a number of other projects which are high Institutional priorities (such as the General Post Office Building and collections storage requirements) so that more informed decisions can be made prior to proceeding with the projects. It has not yet been determined how much of the Construction Planning funds might be used for the NASM Extension project. A study of programmatic goals and requirements of the Air and Space Museum will shortly be initiated. Once this study has been completed, and intentions and parameters discussed and agreed upon internally, the potential cost and timing of future planning efforts can be identified.

Museum of the American Indian

Question: For the record, please provide a status report on New York efforts to retain the Museum. Will construction, if contemplated, require authorization?

Answer: As the Smithsonian has not been party to New York efforts to retain the Museum of the American Indian, it does not have direct or complete information in that regard. It is clear, however, that if the Museum is to become a part of the Institution, construction of appropriate facilities will be required and authorization for that construction will be sought.

Water and Sewer Payments to the District of Columbia

Question: Last year OMB issued Bulletin 87-9, which mandated that Federal Agencies receiving District of Columbia Water and Sewer Services should make payments directly to the District Government beginning in FY 1988. Your additional costs for which no funding was budgeted, would have totalled $3,500,000 in FY 1988. There does not appear to be any provision to cover these cost in your FY 1989 budget. What is the status of this OMB proposal?

Answer: After the submission of our FY 1989 budget to Congress, we learned that OMB had proposed that appropriations for water and sewer payments be made directly to various user agencies in the District, rather than to the District of Columbia on behalf of all such users. We contacted OMB to confirm the proposed change; our OMB examiner confirmed the change and informed us that the impact on the Smithsonian had not been taken into consideration because of an oversight on OMB's part. We estimate that the unfunded cost to the Smithsonian for FY 1989 will be approximately $3.3 million.

National Zoo Construction - Amazonia Exhibit

Question: You are requesting $3.2 million (p. 261) for the first phase of a project to convert the existing polar bear exhibit to an Amazonia exhibit at the National Zoo. Apparently there will be other phases of this project. What will be the total cost and when do you anticipate that you will request the additional funding?

Answer: The total estimated cost for the Amazonia Exhibit is $12,200,000. Additional funding for this project will be requested in FY 1990.

Charles Mathias Laboratory - Edgewater, Maryland

Question: In your letter to the Subcommittee, dated December 2, 1987, you indicated that the construction of the Charles Mathias Laboratory at the Smithsonian Environmental Research Center in Edgewater, Maryland would be accomplished within the approved funding of $960,000. You further indicated that construction of the greenhouse and some other critical elements of the facility would be deferred, and funding sought later through either a reprogramming or a separate budget request. What is the current status of construction of the facility?

Answer: The construction of the Lab is currently 30 percent complete, and on schedule for completion in September 1988.

Question: Does your 1989 budget include funding for the deferred items? When do you expect to submit a budget request or reprogramming proposal for these items?

Answer: The FY 1989 budget does not include funding for the items deferred from the original scope of work. It is anticipated that two items that were deferred will be included in the FY 1990 budget request: the greenhouse (at an estimated cost of $90,000), and the roadway paving (at an estimated cost of $40,000). The remaining items deleted from the original scope of work, such as painting and other interior finishes, will be done with in-house staff and will therefore not require additional resources.

Sole Source Contracts

Question: Your budget on page 13 states that you have reduced the number of Sole Source Contracts as part of your compliance with the Competition in Contracting Act. Do you have any statistics that would indicate that compliance with the Act has generated savings for the Institution?

Answer: No. Given the diverse and often one-time purchases of the Smithsonian it would be difficult, if not impossible, to make such a comparison and thus maintain meaningful statistics concerning savings. The only valid way to produce such statistics would be to compare similar or repetitive procurements which are routinely competed.

Question: Can you compare the number of sole source contracts you awarded in FY 1984 with the number in FY 1987, both in terms of numbers of contracts and dollar amount?

Answer: Reliable information on the Institution's true sole source contracts in FY 1984 is not available because of the coding structure for contracts used by the Federal Procurement Data Center. For FY 1987, however, a manual review of our record shows only 21 such contracts at a total dollar amount of $1.3 million. Of this amount, one contract of the 21 was for the purchase of a work of art for $1 million. The balance of the $1.3 million was primarily for exhibition related expenses. The 21 contracts represented about 5 percent of the total number of contracts (392) and about 4 percent of the total cost of contracts ($35 million).

National Zoo Construction

Question: You are requesting a total of $2,105,000 for repairs and improvements at National Zoo facilities. $1,555,000 is requested for Rock Creek and $550,000 for the Front Royal facility. Please provide for the record a list of the projects, including dollar amount and description, that would be funded under this request.

Answer: Improvement Projects - Rock Creek ($1,550,000)

Amount	Description
$ 350,000	HVAC Program
75,000	Complete Asbestos Removal
200,000	Repair Curbs & Roadways
200,000	Renovate Bald Eagle/Crane Yards
250,000	Renovate Delicate Hoof Facility
70,000	Renovate Upper Bear Line
50,000	Pool Repairs - Beaver Valley
50,000	Repair Skylights (Various Locations)
200,000	Paint Railings (Zoo wide)
50,000	Repair Perimeter Fencing
55,000	Storm Sewer Repairs
$1,550,000	Total Rock Creek

Improvement Projects - Front Royal ($550,000)

Amount	Description
$ 190,000	Renovate Building #7
75,000	Renovate Building #16
40,000	Convert Building #28 into a Research Facility
50,000	Renovate Residences (Porches, Siding, & Trim/etc.)
75,000	Repair Roofs, Flooring, & HVAC in Various Barns
25,000	Repair Roads
30,000	Construct Deer Stable at Long Field
65,000	Renovate Building #4
$ 550,000	Total Front Royal

Restoration of Guard Positions

Question: You are requesting (P. 254) an increase of $310,000 "to provide funding for 13 guard positions previously authorized by

Congress and the purchase of essential equipment, supplies, and services needed to support these positions. Each year since FY 1986, funding for these positions has been requested.

Were these positions previously funded in your budget? In what year where they funded and when did you find it necessary to remove the funding?

What did the Institution do with the money that Congress previously made available for these positions?

Answer: The Institution did not redirect these funds to other uses; rather the funding was eliminated from the base as a result of the budget reductions. In FY 1986, resources were requested to remedy the long-term problem of insufficient funding, caused by various budget reductions dating as far back as FY 1979. The request was reduced by $250,000. Adding to this problem were across-the-board reductions in FY 1985 and FY 1986. The total of insufficient funding reached $666,000 in FY 1986 and FY 1987. This was partially resolved in FY 1988 with the redirection of $356,000 associated with the completion of the Smithsonian Institution Proprietary Security System.

Question: Your justification talks of the need to close exhibition galleries and other spaces as the result of understaffing. How, specifically, have your hours of operation been affected by not having these 13 guard positions?

Answer: The normal hours of operation for the Smithsonian Institution museums are from 10:00 a.m. to 5:30 p.m. During the summer months (Memorial Day to Labor Day) the hours of operation are normally 10:00 a.m. to 9:00 p.m. In order to keep all of the galleries open to the public in the last several years, we have had to cancel or reduce the summer hours to 10:00 a.m. to 7:30 p.m. in most of the museums. In addition, we have closed the south door of the Freer Gallery of Art to the public, and used a rotating system of closing galleries or floors in several buildings for two hour intervals (to enable the public to come back to a space that has been closed). Overtime has also been used to keep galleries open when there is an unanticipated additional shortage of guards on a particular day. Overtime costs so far in FY 1988 total about $60,000, and this has reduced the funding available to replace worn out security devices in Smithsonian museums.

Question: Last year we were told that a study was underway to determine if your guards could be hired at the GS-3 level rather than at the current GS-4 or GS-5 level. Who was doing the study? Can you share with the Subcommittee the findings of the study? Does your FY 1989 budget reflect these findings?

Answer: The study was conducted by the SI Office of Personnel Administration, to determine whether we could hire people at the GS-3 level who did not have security experience or who were not Veteran Re-adjustment Act (VRA) eligible. We were particularly interested to find a way to hire these people either as guards or in some other classification which would allow us to convert them to guards once they had acquired appropriate experience. We encountered a problem in developing a position description that was an accurate indication of the work they were to perform and which provided enough security

related work to qualify them for a fully operative guard position after a year. It was determined that this would be difficult to do.

We do at the present time hire GS-3 guards, as advanced trainees, who qualify by the present OPM standards. We then promote them to GS-4 Gallery Guards as soon as they are eligible, a maximum of six months. The FY 1989 budget request reflects the anticipated advancement of guards hired at the GS-3 level to the full performance level at GS-4 for the positions for the Quadrangle building. The other positions contained in the request are for Museum Protection Officers, who operate at the GS-5 level, and we do not consider trainees appropriate for these positions.

Office of Design and Construction

Question: You have requested an additional $691,000 and 13 positions in FY 1989 for the Office of Design and Construction (p. 248). This request would increase staffing of the Office from 35 to 48 FTE's. Does the budget reflect the full-year cost of these 13 positions?

Answer: The budget request of $691,000 reflects the full cost of the 13 FTEs ($462,000 for salaries & benefits, $229,000 "other objects").

Question: Does this request represent the optimal size for the Office to support the programs of the Institution? If not, what increases or decreases would you anticipate in future years?

Answer: This request does not represent the optimal size for the Office to support the projected level of the Repair and Restoration of Buildings program, nor is the current staff adequate to deal with the current non-R & R programs of the Institution. The Institution requires a continuous annual funding level of $35 million in the R & R account in order to eliminate the currently identified backlog of repair work in its facilities. The FY 1989 request for additional staff for the Office of Design and Construction is to support growth in that account to the $20 million level. Approximately 8 additional FTEs will be required to execute the R & R program at the $35 million level.

Design and Construction Management

Question: Each of the 2 major projects requested under your Construction appropriation includes a design and construction management component. For the Fred L. Whipple Observatory the amount is $150,000 and for the Smithsonian Tropical Research Institute the amount is $250,000. Since your budget, on page 247, indicates that the Office of Design and Construction, within the Salaries and Expenses appropriation, provides "design and engineering studies" design development, contract document preparation, project management, contract administration, and development of cost and budgetary estimates.", why shouldn't these costs be borne within the $2.9 million and 48 FTE's requested for the Office, rather that in the Construction appropriation?

Answer: Base funding for the Office of Design and Construction is for the administration, planning and design (or supervision of

planning and design by contractors), and management of construction activities of the R & R program and similar services related to exhibit construction, minor maintenance projects performed by the Office of Plant Services, and minor trust funded construction projects. Staff resources are not available within the current ODC base to provide construction management or design of major projects, which can run into the millions of dollars per project. Although staff and financial resources might be sought for these major activities, it is considered more cost effective to include funding within the budgets of these major construction projects to meet the "peak" workloads involved, and to provide the specialized expertise not currently represented on the ODC staff, rather than to maintain a constant higher level of staff for design and management capability.

The budgets for previously funded major construction projects, such as the Museum Support Center, the Quadrangle and the Tupper Conference Center now under construction in Panama, have also included a "line item" for design and construction management. For the MSC and Quadrangle projects, funds in this category were transferred directly to the General Services Administration, which provided these services to the Institution. For future projects, including the two requested in the FY 1989 budget, the Smithsonian plans to contract directly with an architectural/engineering firm for project design, and will hire or contract directly for construction management expertise.

Federal Employees Retirement System (FERS) Costs

Question: In fiscal year 1988, your initial request for the Federal Employees Retirement System (FERS) was $7,245,000. A subsequent budget amendment reduced the request to $6,181,000, which was the amount appropriated by the Congress. Most agencies coming before the Subcommittee have indicated that their FY 1988 FERS costs have been much less than the amount appropriated in FY 1988, and have requested a decrease for FERS in FY 1989. How many employees were contemplated to be covered by FERS under your FY 1988 budget request of $6,181,000?

Answer: When estimates were prepared to determine total FERS enrollment population, the Institution used assumptions and guidance provided by the Office of Management and Budget and determined that approximately 2,230 employees would be enrolled in the new retirement system.

Question: How many of your employees do you now expect will actually be covered by FERS in FY 1988? At what cost?

Answer: Based upon the most recent assumptions and guidance provided by the Office of Management and Budget and actual experience, it is anticipated that approximately 1,300 employees will be covered by FERS in FY 1988. The most current estimate of the Institution's projected increased cost for FY 1988 is $3,117,000.

Question: How do you propose to use the excess FERS appropriation in FY 1988? Do you intend to submit a reprogramming for Subcommittee approval?

Answer: The Institution will seek permission to reprogram excess FERS funds to cover the unfunded FY 1988 cost of the January

1988 legislated pay raise, to defray the increased costs to the Institution of health benefits, and also to provide sufficient base funds for the Smithsonian Astrophysical Observatory's computer equipment.

Question: Your FY 1989 budget shows no change from the FY 1988 FERS appropriation--Is that correct? Will FY 1989 FERS costs total $6,181,000?

Answer: The FY 1989 request for FERS is $6,181,000. This amount is equal to the amount contained in the FY 1988 appropriation for FERS. Based upon the most recent assumptions and guidance provided by the Office of Management and Budget, the estimate for the increased cost associated with FERS is $3,688,000.

January, 1988 Pay Raise

Question: What is your cost, in FY 1988, of the January, 1988 2% pay raise?

Answer: The Institution's FY 1988 cost of the January 1988 2% legislated pay raise is $2,025,000.

Question: In the absence of any supplemental request, how do you propose to cover these costs in FY 1988?

Answer: As previously stated, it is anticipated the FY 1988 costs of the January 1988 legislated pay raise can be covered by the excess funds appropriated for FERS. A request for this reprogramming will be forwarded to the Congress shortly.

Within Grade Promotion Costs

Question: Your budget, on page 25, includes an increase of $2,230,000 for within grade step increases. This represents an increase of $522 for each of the 4,276 FTE's shown on page 23 of your budget. OMB Circular A-11 requires, on page 27 that: "estimates will provide increases to cover within grade salary advancements only on a basis consistent with recent experience. Only net within grade increases (i.e., increases remaining after turnover, downgrades, and other grade and step reducing events are taken into account) can be considered for funding. The cost of such advancements should be offset by savings due to greater productivity and efficiency." Would you describe for the Subcommittee how you computed the $2,230,000 requested for within grades?

Answer: Within grade increases are calculated using the information contained in the automated personnel/payroll data base. The amount required to fund within grade increases is considered to be net of total personnel costs. Bureaus and offices are required to absorb other costs associated with staffing such as performance awards, uncontrollable costs such as overtime and are required to fully fund promotions from existing personnel resources.

Number of FTE's

Question: Your budget, on page 23, shows total FTE's of 4,276 in FY 1989 but indicates that the OMB FTE ceiling is 4,110. Why is

there a difference of 166 FTE's between OMB's numbers and your own? What constitutes this difference?

Answer: The OMB workyear ceiling for FY 1989 is 4,110. Guidance from the Institution's OMB Examiner was that the Institution could pursue additional positions for FY 1989 if those positions could be accommodated within the approved workyear ceiling. The difference between the OMB ceiling and the FY 1989 request represents an over-allocation of workyears. Workyear usage is monitored throughout the fiscal year and this over-allocation among the Institution's various bureaus and offices assures effective use of allowed workyear resources.

Salaries and Expenses Increases

Question: Your request for the Salaries and Expenses Appropriation in FY 1989 totals $216.2 million. This represents an increase of 14.4 percent over FY 1987 appropriations--a rather dramatic increase at a time when so many Federal government programs are being decreased. Please provide for the record a listing, in priority order, of all FY 1989 increases requested in the Salaries and Expenses appropriation.

Answer: The following lists the FY 1989 program increases in priority order requested in the Salaries and Expenses account.

FY 1989 BUDGET REQUEST
Priority Listing of S & E Program Increases

ASSISTANT SECRETARY FOR RESEARCH

Priority	Bureau Name	Area of Emphasis	Item of Increase	INCREASES FTE	INCREASES $(000s)
1	STRI	Research	Scien.equipment acquisition, replacmt.		114
2	NASM	Research	Historical Research - Aeronautics	2	125
3	NZP	Research	Support of Existing Facilities	8	327
4	NMNH	Research	Biological Diversity	4	315
5	MSI	Research	Submillimeter Telescope Array (no-year)		611
6	SAO	Research	Submillimeter Telescope Array (staffing)	3	199
7	MSI	Research	MMT Conversion (no-year)		70
8	SIL	Research	Com. Doc. Del. /Loan Technician	1	69
9	SIA	Research	Space rental		51
10	NMAA	Research	Inventory of American Sculpture		53
11	NMNH	Research	Molecular Systematics Lab	5	650
12	STRI	Research	Molecular Systematics Studies		400
13	NZP	Research	Molecular Systematics and Evolution	2	194
14	NMAFA	Research	Photographic Archives	1	40
15	NMNH	Research	Evolution of Terrestrial Ecosystems	2	100
16	STRI	Research	Staffing for administrative support	2	40
17	SAO	Research	Increased Rental Costs		120
18	SIL	Research	Serial Inflation		55
			Subtotal.....	30	$3,533

ASSISTANT SECRETARY FOR MUSEUMS

Priority	Bureau Name	Area of Emphasis	Item of Increase	INCREASES FTE	INCREASES $(000s)
1	NMNH	Coll.Mgmt.	Collections Management Support	6	430
2	NMAH	Coll.Mgmt.	Collections Information System	3	215
3	HSC	Coll.Mgmt.	Asbestos contamination evaluation	6	150
4	FGA	Coll.Mgmt.	Collections Storage Equipment		300
5	AAA	Coll.Mgmt.	Archivist (Registration)	1	39
6	NMNH	Pub.Svc.	Renovation of Permanent Exhibit Halls	4	100
7	NMAH	Pub.Svc.	Exhibit reinst.($100)/electrical ($100)		200
8	NMNH	Pub.Svc.	American Indian Outreach Program		75
9	NMAfA	Coll.Mgmt.	Asst. Objects Conservator	1	44
10	NMAA	Coll.Mgmt.	Objects Conservator	1	70
11	NMAH	Coll.Mgmt.	Conservator for general backlog	1	60
12	NMAH	Pub.Svc.	Staff Asst.for American Ind.Outreach Pgm	1	24
13	C-H	Research	Asst Curator Drawings/Prints	1	35
14	C-H	Coll.Mgmt.	Collect. Mgt.-- Data Entry		30
15	NASM	Coll.Mgmt.	Collections management projects	2	125
16	NPG	Coll.Mgmt.	Comp. Sys. Mgr.& Storage	1	65
17	AM	Coll.Mgmt.	Registrar and Librarian	2	70
18	NMNH	Internatl.	Quincentenary		50
19	NASM	Internatl.	Quincentenary		11
20	NMAH	Internatl.	Quincentenary	1	45
21	NMAA	Internatl.	Quincentenary		25
22	C-H	Internatl.	Quincentenary		24
23	SITES	Internatl.	Quincentenary		30
			Subtotal.....	31	$2,217

ASSISTANT SECRETARY FOR PUBLIC SERVICE

Priority	Bureau Name	Area of Emphasis	Item of Increase	INCREASES FTE	INCREASES $(000s)
1	NSRC	Pub.Svc.	Resource Ctr/Educa Lab Staff	1	35
2	OFP	Pub.Svc.	Folklife Program Archives Staff	2	54
3	OIS	Pub.Svc.	Expand Ongoing Seminar Series		15
4	OESE	Internatl.	Quincent: Hispan/bi-cult Curr Kits		38
5	OFP	Internatl.	Quincent: Symposia programs		50
			Subtotal.....	3	$192

ASSISTANT SECRETARY FOR ADMINISTRATION

Priority	Bureau Name	Area of Emphasis	Item of Increase	INCREASES FTE	INCREASES $(000s)
1	OPersA	Admin.	Staffing Requirements	4	126
2	OEM&S	Admin.	Environmental and safety programs	6	400
3	OPPM	Admin.	Staffing	2	126
4	OPlant	Admin.	Staffing Requirements - General	11	390
5	OPS	Admin.	Staffing Requirements - Quad	10	221
6	OFS	Admin.	Staffing Requirement	1	66

ASSISTANT SECRETARY FOR ADMINISTRATION

Prior-ity	Bureau Name	Area of Emphasis	Item of Increase	INCREASES FTE	INCREASES $(000s)
7	Audits	Admin.	Base Shortage Correction/Staffing		30
8	Archit	Admin.	Staffing Requirements	1	29
9	OIRM	Admin.	Staffing Requirements	2	68
10	OPS	Admin.	Base deficiency		310
11 (*)	OPlant	Admin.	Maintenance/Staffing GPO Building	2	60
12 (*)	OPS	Admin.	Staffing Requirements - GPO	12	282
13(**)	ODC	Admin.	Staffing for expanded R&R program	13	691
14(**)	OPPM	Admin.	Staffing for expanded R&R program	8	425
15(**)	OEM&S	Admin.	Staffing for expanded R&R program	2	106
16(**)	Audits	Admin.	Staffing for expanded R&R program	1	46
17(**)	OPersA	Admin.	Staffing for expanded R&R program	1	42
			Subtotal.....	76	$3,418

TREASURER

Prior-ity	Bureau Name	Area of Emphasis	Item of Increase	INCREASES FTE	INCREASES $(000s)
1	OFMP	Admin.	Base Deficiency-Dep.Dir. OFM&P	1	100
2	OAFS	Admin.	Staffing for existing workload	5	94
3	OAFS	Admin.	Personnel Payroll System (Phase IV)		100
4	OFMP	Admin.	Financial Systems		400
5 (**)	OAFS	Admin.	Staffing for expanded R&R program	1	20
			Subtotal.....	7	$714
			Less one-time costs.....		(801)
			TOTAL	147	$9,273

Notes:

(*) The relatively low placement of the request for caretaker staffing of the General Post Office (GPO) building reflects the possibility of continued GSA use and operations of that building.

(**) These items, while of high priority, are directly associated with the request for increased funding for the Repair and Restoration of Buildings.

Funding For New Positions

Question: Please provide a listing of all new positions, and the associated funding, requested in the FY 1989 budget. Indicate whether the funding requested covers the full-year cost of the position or only some portion of the year.

Answer: This information is provided in the following chart.

SMITHSONIAN INSTITUTION
NEW POSITIONS REQUESTED IN THE FY 1989 BUDGET

BUREAU/ POSITION TITLE	# of FTP Pos.	FULL YEAR COST FTE	$ (000s)	HIRE DATE	LAPSE RATE (if appl.)	FUNDING REQUESTED IN THE FY 1989 BUDGET FTE	$ (000s)
ASTROPHYSICAL OBSERVATORY							
SUBMILLIMETER WAVELENGTH TELESCOPE ARRAY							
Receiver Leader	1	1.00	70	10/1/88		1.00	70
Digital Leader	1	1.00	70	10/1/88		1.00	70
Software Leader	1	1.00	59	10/1/88		1.00	59
TOTAL, SAO	3	3.00	199			3.00	199
TROPICAL RESEARCH INSTITUTE							
STAFFING FOR ADMIN. SUPPORT							
Accounting Technician	1	1.00	19	10/1/88		1.00	19
Secretary (Admin. Asst.)	1	1.00	21	10/1/88		1.00	21
TOTAL, STRI	2	2.00	40			2.00	40
NATIONAL ZOOLOGICAL PARK							
SUPPORT OF EXISTING PROGRAMS							
Curator (Animal Dept.)	1	1.00	42	10/1/88		1.00	42
Animal Keepers (3 pos.)	3	3.00	81	10/1/88		3.00	81
Medical Technician	1	1.00	29	10/1/88		1.00	29
Trades and Craft Specialist	1	1.00	32	10/1/88		1.00	32
Police Officer	1	1.00	24	10/1/88		1.00	24
General Maintenance	1	1.00	19	10/1/88		1.00	19
Subtotal	8	8.00	227			8.00	227
MOLECULAR SYSTEMATICS & EVOLUTION PROGRAM							
Laboratory Supervisor	1	1.00	59	10/1/88		1.00	59
Laboratory Technician	1	1.00	29	10/1/88		1.00	29
Subtotal	2	2.00	88			2.00	88
TOTAL, NATIONAL ZOO	10	10.00	315			10.00	315
SMITHSONIAN INSTITUTION LIBRARIES							
EXPANDED SUPPORT FOR INTERLIBRARY LOAN SVS.							
Library Technician	1	1.00	19	10/1/88		1.00	19
NATIONAL MUSEUM OF NATURAL HISTORY							
BIOLOGICAL DIVERSITY PROGRAM							
Research Entomologist	1	1.00	35	10/1/88		1.00	35
Research Assistant	1	1.00	24	10/1/88		1.00	24
Field Manager	1	1.00	29	10/1/88		1.00	29
Museum Technician	1	1.00	24	10/1/88		1.00	24
Subtotal	4	4.00	112			4.00	112
MOLECULAR SYSTEMATICS LABORATORY							
Scientists (2 pos.)	2	2.00	84	10/1/88		2.00	84
Technicians (3 pos.)	3	3.00	72	10/1/88		3.00	72
Subtotal	5	5.00	156			5.00	156
EVOLUTION OF TERRESTRIAL ECOSYSTEMS							
Research Assistant	1	1.00	29	10/1/88		1.00	29
Data Entry/Administrative Technician	1	1.00	24	10/1/88		1.00	24
Subtotal	2	2.00	53			2.00	53
COLLECTIONS MANAGEMENT SUPPORT							
Museum Information Specialist	1	1.00	50	10/1/88		1.00	50
Museum Information Specialist	2	2.00	70	10/1/88		2.00	70
Museum Information Specialist	1	1.00	29	10/1/88		1.00	29
Museum Information Specialist	2	2.00	38	10/1/88		2.00	38
Subtotal	6	6.00	187			6.00	187
RENOVATION OF PERMANENT EXHIBIT HALLS							
Senior Designer	1	1.00	24	10/1/88		1.00	24
Cabinet Maker	1	1.00	24	10/1/88		1.00	24
Exhibits Technician	1	1.00	24	10/1/88		1.00	24
Exhibits Technician	1	1.00	19	10/1/88		1.00	19
Subtotal	4	4.00	91			4.00	91
TOTAL, NMNH	21	21.00	599			21.00	599

BUREAU/ POSITION TITLE	# of FTP Pos.	FULL YEAR COST FTE	$ (000s)	HIRE DATE	LAPSE RATE (if appl.)	FUNDING REQUESTED IN THE FY 1989 BUDGET FTE	$ (000s)
NATIONAL AIR AND SPACE MUSEUM							
HISTORICAL RESEARCH - AERONAUTICS							
Senior Curator/Historian	1	1.00	50	10/1/88		1.00	50
Senior Curator	1	1.00	50	10/1/88		1.00	50
Subtotal	2	2.00	100			2.00	100
COLLECTIONS MANAGEMENT							
Museum Technician	1	1.00	29	10/1/88		1.00	29
Museum Technician	1	1.00	19	10/1/88		1.00	19
Subtotal	2	2.00	48			2.00	48
TOTAL, NASM	4	4.00	148	10/1/88		4.00	148
NATIONAL MUSEUM OF AMERICAN HISTORY							
COLLECTIONS INFORMATION SYSTEM							
Museum Registration Technicians (2 pos.)	3	2.00	38	10/1/88		2.00	38
Analyst/Programmer	1	1.00	35	10/1/88		1.00	35
Subtotal	3	3.00	73			3.00	73
COLUMBUS QUINCENTENARY PROGRAMS							
Hispanic Programs Coordinator	1	1.00	24	10/1/88		1.00	24
CONSERVATOR							
Objects Conservator	1	1.00	35	10/1/88		1.00	35
NATIVE AMERICAN INDIAN PROGRAM							
Program Assistant	1	1.00	24	10/1/88		1.00	24
TOTAL, NMAH	6	6.00	156			6.00	156
NATIONAL MUSEUM OF AMERICAN ART							
COLLECTIONS MANAGEMENT							
Object Conservator	1	1.00	35	10/1/88		1.00	35
NATIONAL PORTRAIT GALLERY							
COMPUTER SPECIALIST							
Computer Systems Manager	1	1.00	35	10/1/88		1.00	35
ARCHIVES OF AMERICAN ART							
COLLECTIONS MANAGEMENT STAFF & SUPPORT							
Archivist (Registration)	1	1.00	29	10/1/88		1.00	29
COOPER-HEWITT MUSEUM							
ASSISTANT CURATOR OF DRAWINGS AND PRINTS							
Assistant Curator of Drawings & Prints	1	1.00	35	10/1/88		1.00	35
NATIONAL MUSEUM OF AFRICAN ART							
CONSERVATION							
Assistant Conservator	1	1.00	29	10/1/88		1.00	29
PHOTOGRAPHIC ARCHIVES							
Archivist	1	1.00	35	10/1/88		1.00	35
TOTAL, NMAfA	2	2.00	64			2.00	64
ANACOSTIA MUSEUM							
REGISTRAR AND LIBRARIAN							
Museum Registrar	1	1.00	29	10/1/88		1.00	29
Librarian	1	1.00	24	10/1/88		1.00	24
TOTAL, ANACOSTIA	2	2.00	53			2.00	53
OFFICE OF FOLKLIFE PROGRAMS							
FOLKLIFE ARCHIVES							
Archivist	1	1.00	24	10/1/88		1.00	24
Archives Technician	1	1.00	19	10/1/88		1.00	19
TOTAL, OFP	2	2.00	43			2.00	43

BUREAU/ POSITION TITLE	# of FTP Pos.	FULL YEAR COST FTE	$ (000s)	HIRE DATE	LAPSE RATE (if appl.)	FUNDING REQUESTED IN THE FY 1989 BUDGET FTE	$ (000s)
NATIONAL SCIENCE RESOURCES CENTER							
ESTABLISH NSRC TEACHING RESOURCE COLLECTION							
Data Base Specialist/Resource Center Librarian	1	1.00	35	10/1/88		1.00	35
MUSEUM SUPPORT CENTER							
EVALUATION OF ASBESTOS CONTAMINATION							
Safety Specialist (temp pos.)	0	1.00	28	10/1/88		1.00	28
Safety Specialist (temp pos.)	0	1.00	19	10/1/88		1.00	19
Museum Technicians (4 pos.)	0	4.00	67	10/1/88		4.00	67
TOTAL, MSC	0	6.00	114			6.00	114
ADMINISTRATION							
DIR. OF FACILITIES SERVICES							
Computer System Administrator	1	1.00	50	10/1/88		1.00	50
OFFICE OF AUDITS & INVESTIGATIONS							
REA SUPPORT							
Auditor	1	1.00	42	10/1/88		1.00	42
OFFFICE OF ARCHITECTURAL HISTORIAN							
Architectural Historian	1	1.00	29	10/1/88		1.00	29
OFFICE OF FINANCIAL MANAGEMENT AND PLANNING							
Deputy Director - OFM&P	1	1.00	70	10/1/88		1.00	70
OFFICE OF ACCOUNTING AND FINANCIAL SERVICES							
Accounting Technician	1	1.00	19	10/1/88		1.00	19
File Clerk	1	1.00	16	10/1/88		1.00	16
Data Transcriber	1	1.00	19	10/1/88		1.00	19
Accountants (2 pos.)	2	2.00	38	10/1/88		2.00	38
REA SUPPORT							
Accounting Technician	1	1.00	19	10/1/88		1.00	19
TOTAL, ACCOUNTING	6	6.00	111			6.00	111
OFFICE OF INFORMATION RESOURCE MANAGEMENT							
System Software Specialist	1	1.00	35	10/1/88		1.00	35
System Software Specialist	1	1.00	25	10/1/88		1.00	25
TOTAL, OIRM	2	2.00	60			2.00	60
OFFICE OF PERSONNEL ADMINISTRATION							
Personnel Management Specialist	1	1.00	42	10/1/88		1.00	42
Senior Computer Specialist	1	1.00	42	10/1/88		1.00	42
Personnel Clerks (2 pos.)	2	2.00	38	10/1/88		2.00	38
REA SUPPORT							
Personnel Specialist	1	1.00	42	10/1/88		1.00	42
TOTAL, OPERSA	5	5.00	164			5.00	164
OFFICE OF PROCUREMENT AND PROPERTY MANAGEMENT							
Contract Specialist	1	1.00	59	10/1/88		1.00	59
ADP Contract Specialist	1	1.00	35	10/1/88		1.00	35
REA SUPPORT							
Contract Specialists (4 pos.)	4	4.00	200	10/1/88		4.00	200
Computer Specialist	1	1.00	29	10/1/88		1.00	29
Administrative Clerk	1	1.00	29	10/1/88		1.00	29
Administrative Clerk	1	1.00	19	10/1/88		1.00	19
Administrative Clerk	1	1.00	17	10/1/88		1.00	17
TOTAL, OPPM	10	10.00	388	10/1/88		10.00	388
OFFICE OF ENVIRONMENTAL MANAGEMENT AND SAFETY							
Supervisory Environmental Engineer	1	1.00	59	10/1/88		1.00	59
Safety Specialist	1	1.00	42	10/1/88		1.00	42
Health Physicist	1	1.00	42	10/1/88		1.00	42
Environmental Specialist	1	1.00	35	10/1/88		1.00	35
Fire Protection Engineer	1	1.00	42	10/1/88		1.00	42
Training Specialist	1	1.00	42	10/1/88		1.00	42
REA SUPPORT							
Fire Protection Engineer	1	1.00	42	10/1/88		1.00	42
Environmental/Safety Specialist	1	1.00	42	10/1/88		1.00	42
TOTAL, OEMS	8	8.00	346			8.00	346

BUREAU/ POSITION TITLE	# of FTP Pos.	FULL YEAR COST FTE	FULL YEAR COST $ (000s)	HIRE DATE	LAPSE RATE (If appl.)	FUNDING REQUESTED IN THE FY 1989 BUDGET FTE	FUNDING REQUESTED IN THE FY 1989 BUDGET $ (000s)
OFFICE OF DESIGN & CONSTRUCTION							
REB SUPPORT							
Supervisory Engineer	1	1.00	59	10/1/88		1.00	59
Senior Engineer	1	1.00	50	10/1/88		1.00	50
Facilities Planners (2 pos.)	2	2.00	100	10/1/88		2.00	100
Construction Cost Estimator	1	1.00	42	10/1/88		1.00	42
Mechanical Engineer	1	1.00	42	10/1/88		1.00	42
Electrical Engineer	1	1.00	42	10/1/88		1.00	42
Computer Technician	1	1.00	24	10/1/88		1.00	24
Engineering Technician	1	1.00	24	10/1/88		1.00	24
Cost Estimator Technician	1	1.00	24	10/1/88		1.00	24
Secretary	1	1.00	21	10/1/88		1.00	21
Clerk-Typists (2 pos.)	2	2.00	34	10/1/88		2.00	34
	13	13.00	462			13.00	462
OFFICE OF PROTECTION SERVICES							
QUADRANGLE STAFFING							
Museum Protection Officers (3 pos.)	3	3.00	57	10/1/88		3.00	57
Gallery Guards (7 pos.)	7	7.00	119	10/1/88		7.00	119
Premium Pay Allowance			15				15
Subtotal	10	10.00	191			10.00	191
GENERAL POST OFFICE BLDG.							
Sergeants (2 pos.)	2	2.00	48	10/1/88		2.00	48
Museum Protection Officers (10 pos.)	10	10.00	190	10/1/88		10.00	190
Premium Pay Allowance			18				18
Subtotal	12	12.00	256			12.00	256
TOTAL, OPS	22	22.00	447			22.00	447
OFFICE OF PLANT SERVICES							
FACILITIES MAINTENANCE PROGRAM							
Maintenance Mechanics (11 pos.)	11	11.00	330	10/1/88		11.00	330
GENERAL POST OFFICE BLDG.							
Maintenance Mechanics (2 pos.)	2	2.00	60	10/1/88		2.00	60
TOTAL, OPLANTS	13	13.00	390			13.00	390
TOTAL SMITHSONIAN	114	120.00	3,564			120.00	3,564

Change In Allocation Methods For Space Costs

Question: Your budget, on page 31, describes a new method you are now using to allocate the cost of rental office space. The budget also includes an additional $337,000 for space rental in 1989. What increase would you have requested in FY 1989 if you had used the previous method to compute your FY 1989 costs?

Answer: Using the previous method of computing the Federal share of rental costs, an amount of $301,000 would be needed.

New Budget Formulation Process

Question: Your budget, on page 2, discusses the new formulation process used for FY 1989. Please provide some examples of collaborative efforts among bureaus which were identified as part of the new process. Would these opportunities have been identified under your previous budgeting system?

Answer: The new process has integrated planning and budgeting processes that were previously carried out independently. The new

process is initiated with a "priority call" to the bureaus. During this planning phase, bureaus are asked to develop goals and objectives for the next five years, and managerial and programmatic strategies and priorities are established at a conceptual level. As these proposed priorities are identified and discussed at a conceptual level by the Assistant Secretaries, areas of mutual interest become apparent prior to the development of budget proposals. A representative from the Office of Facilities Services participates in these discussions, so that potential programmatic impacts on space requirements are considered. Previously, each bureau developed its budget proposals first, and there was less opportunity to refine both long term and short term plans to reflect coordinated efforts and intra-Institutional impacts.

The new process has facilitated the coordination of planning efforts for the Columbus Quincentenary, the development of the Collections Inventory System, public service activities directed at a more diverse audience and administrative, facilities and other support activities which are directly impacted by certain program initiatives and are required to be responsive to the demands for assistance placed on them.

Question: Please discuss the priority setting aspects of the new process. Does it give you the ability to set priorities Institution-wide?

Answer: Since the planning and budget process is structured around a set of long-term Institutional goals and objectives that reflect requirements and opportunities on various fronts, priorities are not established on an Institution-wide, or co-mingled, basis. Instead, each Assistant Secretary and the Treasurer develops programmatic and operational priorities based upon the Secretary's "Areas of Emphasis" for bureaus and offices that report to him/her.

Minority Employment Opportunities

Questions: It has come to the Subcommittee's attention that the Smithsonian has been examining the role of minorities in senior-level administrative and professional positions within the Institution. While the results of this examination indicate an absence of minorities in these positions, the Subcommittee commends the Smithsonian for its voluntary self-examination and encourages the Smithsonian to adopt measures to correct this situation. Also at issue, however, is the lack of opportunities for women at the Smithsonian. While it is apparent from figures gathered by the Smithsonian's Cultural Equity Subcommittee that the Institution needs to take steps to encourage minority hiring, these same figures indicate similar steps need to be taken with regard to women. What is the Smithsonian doing to encourage minority hiring?

Answer: The Secretary has met with all the bureau directors to reaffirm his commitment to improving the Institution's minority staff profile. A 23-point action plan was issued describing several of the strategies the Institution plans to implement and a memorandum describing ways and means of employing previously identified qualified minority and women candidates through the use of a central fund was widely circulated. Search processes are being strengthened to locate qualified candidates. A brochure is being designed which

will consolidate information on all programs aimed at increasing the participation of minorities and women at the Smithsonian, both internally and externally. These programs include fellowships, upward mobility, advanced educational and training opportunities, etc. In addition, the Institution continues to make use of its Committee for a Wider Audience and Cultural Education Committee to increase its network of contacts in minority communities, both locally and nationally.

Question: Has the Smithsonian taken action to better balance the number of men and the number of women in administrative and professional positions?

Answer: All of the affirmative action plans outlined above include women as well as minorities. The Institution has had a Women's Council (under the auspices of the Office of Equal Opportunity) for the past 16 years to advise upper management on issues and concerns which are of importance to women. Their efforts have led to the creation of the Institution's first on-site child care center, which should in turn attract more qualified women employees.

The proportion of women in administrative positions and professional positions in the art fields at the Smithsonian is rather high, and the Institution is making some inroads in attracting more women to its professional scientists ranks. For women, a decisive shift in the number of available candidates is occurring fairly rapidly. The proportion of women who enter the applicant pool in the sciences can be expected to increase steadily in the coming years.

Question: What future, long-range plans does the Smithsonian have to further the status of minorities and women?

Answer: As mentioned above, the applicant pool for women can be expected to increase steadily, which means the Institution may well move toward something approaching parity in the numbers of men and women scientists in the years ahead. The historical focus of research specialty have been determined by the Institution's collections, which are not areas which normally attract minorities as much as the more applied fields. This distinction means that the applicant pool is small at best. One of the Smithsonian's long-range strategies is to open the definition of the fields to include health-related sciences, or agriculture and resource-related fields. This should eventually lead to an increased minority applicant pool.

The Institution has initiated a Minority Internship Program designed to get more minority students interested in the fields of research conducted at the Smithsonian. This program should yield long-range benefits by not only increasing the pool, but also by giving minorities first-hand knowledge of the Institution itself.

In both its programming and hiring the Institution is highlighting the role of minorities. Since 1983, the Smithsonian has established a Black American Culture Program, a Native American Program, and a Hispanic American Program. The Quincentenary Program is taking a decidedly Latin American focus. The Secretary's long-term goal is to reflect the cultural diversity of the Nation in the representation of minorities and women on the Smithsonian staff. This is the challenge he has put to the management of the various

bureaus and to which he has committed himself both publicly and privately.

Construction Obligations

Question: For the record, provide a chart showing FY 1986-1988 construction projects and the amount obligated each year.

Answer: The following chart shows obligations for construction in FY 1986 through FY 1988.

	FY 1986	FY 1987	FY 1988 (thru 2/28)
Quadrangle Project	$3,355,754	$3,424,181	$92,208
Hirshhorn Museum	165,074	117,470	0
Museum Support Center	0	14,572	0
Tupper Center	NA	2,780,000	0
FLWO Base Camp	NA	NA	0[1]
TOTAL OBLIGATIONS	$3,520,828	$6,336,223	$92,208

[1] Appropriation received mid-December, 1987. Negotiations currently underway for design contract.

Fred L. Whipple Observatory

Question: For the Fred L. Whipple Observatory you are requesting $350,000 for cost escalation. Don't your estimates already reflect 1989 prices?

Answer: Cost estimates normally have an escalation factor which represents estimated cost increases from the time the estimate was made to the projected mid-point of construction. The construction estimate provided in the budget justification was done in 1987 in conjunction with development of the first phase of the Master Plan. The escalation amount (which should have been reported as $335,000 in the justification), represents an anticipated 8.7% increase in cost from 1987 (when the estimate was prepared) to 1989, (the mid-point of construction). The rate used to calculate anticipated escalation is provided by the U.S. Army Controller General.

Appropriated Versus Nonappropriated Funding

Question: Your budget, on page 17, indicates that your nonappropriated funding represents approximately 26 percent of net operating revenues in FY 1988. Would you describe generally the

relationship between appropriated and nonappropriated funding in recent years and how that relationship might be expected to change in the future?

Answer: The relationship between appropriated and nonappropriated funds is a complex one with many variables contributing to the percentage split of net operating revenues. Some of the major factors include general economic conditions, tax laws, the level of success of our auxiliary activities, interest rates, the stock market, the effectiveness of fund raising strategies and the level of Federal appropriation each year.

Since fiscal year 1960 there has been a relatively steady increase in the percentage of net operating revenues provided by nonappropriated funds, from approximately 5% in the 1950's to a projected 20% in 1988. (The 26% stated in the question includes 6% from federal grants and contracts from other agencies.) This increase can be generally attributed to the expansion and success of our auxiliary activities since the early 1970's. We have had the benefit of a strong stock market in the 1980's (until Black Monday). Furthermore, fundraising efforts have showed strong increases in the last couple of years. On the other hand, it is important to note with the growth of both Federal and Trust funding, the Smithsonian has become less dependent upon Federal grants and contracts which prior to the mid-1970's funded much of the Institution's scientific efforts. Federal and Trust funds have supplanted such contracts and allowed for the growth of research in fields, especially social history and the arts, previously not explored.

Net operating revenues exclude the cost of generating revenues by our auxiliary activities, although such expenditures as those for the Smithsonian Magazine and SI Press can be said to contribute significantly to the "increase and diffusion of knowledge." If gross operating revenues are looked at rather than net, the change over the years is even more dramatic. The fiscal year 1988 budget in terms of gross operating revenues breaks down as follows versus 1960:

Gross Operating Revenues

	1960	1988
Federal Appropriation	64%	48%
Federal Grants/Contracts	30%	4%
All Trust Sources	6%	48%
	100%	100%

In answer to the query, how the relationship might change in the future, we cannot say anything with certainty. Too many external factors, over which we have little control, impact the Federal and Trust relationship. Some general comments, however, might be made as to factors that could effect the relationship or current trends.

With respect to auxiliary activities it is unlikely that market conditions will allow for the kind of sustained and meteoric growth that we have experienced over the last 10-15 years. Our competition has increased as other non-profits have entered the publishing and merchandising fields. In addition possible changes to the Unrelated Business Income Tax could have a significant dampening effect on the net income generated by these activities.

Fundraising has been given an ever increasing emphasis at the Smithsonian. The effort to decentralize bureau fundraising efforts and to increase staff involved in fundraising initiated by Secretary Adams is still in its nascent stage, but may already be showing some results. A further emphasis in this area, signified by the establishment of the position of Assistant Secretary for External Affairs, gives promise for future success. Consideration is being given to a major capital campaign to enhance endowment.

In sum, the trends observed are evidence of the strong Federal/Trust partnership that allows the Smithsonian to increase and diffuse knowledge each year to its multiple constituencies.

Question: For the record, please provide the percentage of net operating revenues funded from nonappropriated funds for fiscal years 1960, 1965, 1970, 1975, 1980, and 1985.

Answer: Net Operating Revenues

	Total	Federal Appropriation	Federal Grants and Contracts	All Trust Sources
1960	100%	64%	30%	6%
1965	100%	58%	37%	5%
1970	100%	71%	21%	7%
1975	100%	76%	11%	13%
1980	100%	78%	9%	13%
1985	100%	75%	7%	18%
1988[1]	100%	74%	6%	20%

[1] Total of "Federal Grant and Contracts" and "All Trust Sources" equals 26% referred to on page 17 of the budget submission.

Overall Budget Structure

Question: In reviewing your FY 89 base adjustments, I notice that you received an upward adjustment of $2.2 million for within-grade step increases that other agencies in the department of the Interior did not. In addition, you do not have a downward adjustment for the re-estimate of the Federal Employees Retirement System. Why were your base adjustments calculated differently? Please provide for the record the amount of the base reduction if the Smithsonian would have recalculated the FERS contribution in a manner similar to that of other agencies.

Answer: As in the prior years, OMB allowed the Institution to include in its FY 1989 budget to the Congress an increase for the cost of within-grade increases. With regard to the Institution's request for FERS, original assumptions and guidance provided by the Office of Management and Budget were used in determining the initial estimate of FY 1989 FERS costs. While the estimate based on these assumptions and guidance indicated an increase would be required for

FY 1989, the Institution determined it was not necessary to request an increase over the FY 1988 level. After OMB approval of the Smithsonian's straight-lined FY 1989 budget for FERS, cost estimates were reevaluated using revised OMB assumptions to reflect a lower "switch" rate. The most recent estimate for the increased cost of the FERS contribution in FY 1989 is $3,688,000, which is $2,493,000 less than the requested level.

After the submission of our FY 1989 budget to Congress, we learned that OMB has proposed that appropriations for water and sewer payments be made directly to various user agencies in the District, rather than to the District of Columbia on behalf of all such users. We contacted OMB to confirm the proposed change; our OMB examiner confirmed the change and informed us that the impact on the Smithsonian had not been taken into consideration because of an oversight on OMB's part. We estimate that the unfunded cost to the Smithsonian for FY 1989 will be approximately $3.3 million. It is anticipated that the Institution will request a reprogramming of the FERS excess in FY 1989 to help defray this unbudgeted cost.

Annualized Costs for FY 1988 Positions

Question: As an adjustment to the base, you have requested an additional $779,000 to annualize the partial-year funding of new positions approved in the FY 88 budget (pg. 26). How many new positions were approved in FY 88? What is their annual cost? How much was included in FY 88 budget for those positions?

Answer: There were 118 full-time permanent positions and 3 temporary positions approved in FY 1988. These positions have a total annual cost of $2,707,000 (and 120.5 workyears). Personnel funding of $1,928,000 (and 83.68 workyears) was provided in the FY 1988 budget for the partial-year costs of these new positions, leaving additional funding of $779,000 (and 36.82 workyears) required to annualize these costs in FY 1989.

Two Extra Work Days

Question: In FY 88 you requested an additional $458,000 because this fiscal year contained one additional pay day when compared to FY 87. The FY 89 Justification indicates that there are two less pay days in FY 89 than in FY 88 and you have reduced your budget by $916,000 or $458,000 a day (pg. 26). The FY 89 per day decrease is the same as the FY 88 per day increase but the FY 88 budget contained funds for the annualization of pay raises and within-grade step increases. Shouldn't the per day calculation increase in FY 89 when compared to FY 88? If so, why wasn't this part of the base calculation? If not, why not?

Answer: The per day calculation should have included an adjustment to reflect the effects of the annualization of pay raises and within-grade step increases for FY 1988. The original estimate of $458,000 was not revised to take this adjustment into account. The recalculation of these costs with this adjustment results in a revised per day calculation of $482,000 (for a total decrease of $964,000).

Submillimeter Telescope Array

Question: You have requested an additional $800,000 in FY 89 for the design of a submillimeter telescope array for the Smithsonian Astrophysical Observatory (SAO). Part of this increase ($199,000) is proposed to hire a project scientist, a digital leader and a software leader to initiate the design of a submillimeter telescope array (pg. 47). The remainder ($611,000) is proposed to fund the design study. Is anybody else in the world building something similar? Does the Smithsonian currently have a smaller array telescope?

Answer: No one else in the world is building a submillimeter telescope array. The Smithsonian array would be unique. The Smithsonian does not have a smaller telescope array. However, many Smithsonian scientists have had years of experience in the construction, operation, and use of telescope arrays that view radiation at radio wavelengths. Telescope arrays for operation at the shorter submillimeter waves provide the next logical application of the same techniques. At these latter wavelengths the technology needed for two key components -- the precisely curved reflector and the receiver -- has only in the last few years progressed to the point where construction of such telescopes is possible.

Question: The chart on page 84 of your justification indicates that the total projected funding for the submillimeter telescope array is $20 million from FY 89-FY 93. The narrative on the same page, however, indicates that the completion of the array is expected to take an additional two years after 1993 and to cost an additional $10 million over the $20 million. Reading the narrative further indicates that construction on a prime non-continental site would cost about 25 percent more. What makes up the $20 million estimate?

Answer: A detailed analysis of the components of the estimate of the full construction costs of the array was given in the 145-page SAO study of the array, published in July 1984, and sent to the Senate in the spring of 1987. A more recent estimate of the costs follows.

SAO Submillimeter Wavelength Telescope Array:
Projected Annual Personnel Cost – Salaries and Benefits
(in thousands of 1987 dollars)

Position (Grade)	Design		Construction					Operation	
	FY89	90	91	92	93	94	95	96	97
A. At SAO (Cambridge, Massachusetts)									
Project Scientist (15)	70	70	75	75	80	80	85	85	90
Secretary (6)		21	21	21	21	21	21	21	21
Project Manager (14)			59	59	64	64	69	69	74
Contract Specialist (13)		50	50	55	55	60	60	65	65
Purchasing Agent (6)			21	21	21	21	21		
Shipping Clerk (5)				19	19				
Receiver Tech (9)		29	29	29	29	29	29	29	29
Digital Leader (15)	70	70	75	75	80	80	85	85	90
Digital Engineer (13)			50	50	55	55	60	60	65
Digital Tech (9)		29	29	29	29	29	29	29	29
Software Leader (14)	59	59	64	64	69	69	74	74	79
Programmer (13)			50	50	55	55	60	60	65
Mechanical Engineer (14)		59	59	64	64	69	69		
Post Doc (11)		35	35	35	35	40	40	40	40
TOTAL at SAO	199	422	617	646	676	673	702	617	647
B. At Array Site									
Site Manager (14)				59	59	64	64	69	69
Site Secretary (6)				21	21	21	21	21	21
Shipping Clerk (5)				21	21	21	21	21	21
Receiver Engineer (14)			59	59	64	64	69	69	74
Receiver Tech (9)						29	29	29	29
Digital Engineer (14)			59	59	64	64	69	69	74
Digital Tech (9)				29	29	29	29	29	29
Senior Systems/Prog (14)			59	59	64	64	69	69	74
Programmer (13)				50	50	55	55	60	60
Mechanical Engineer (14)			59	59	64	64	69	69	74
Mechanical Tech (9)				29	29	29	29	29	29
Mechanical Tech (9)					29	29	29		
Electrical Engineer (14)			59	59	64	64	69	69	74
Electrical Tech (9)				29	29	29	29	29	29
Electrical Tech (9)					29	29	29		
General Technician (9)				29	29	29	29	29	29
General Labor (5)				19	19	19	19	19	19
General Labor (5)					19	19	19	19	19
Cook/Cleaning (5)						19	19	19	19
Cook/Cleaning (5)								19	19
Chief Operator (14)						59	59	64	64
Telescope Operator (11)								35	35
Telescope Operator (11)								35	35
Telescope Operator (11)								35	35
Telescope Operator (11)								35	35
TOTAL (all personnel at SAO and at array site)	199	422	913	1227	1359	1472	1527	1558	1613
FTEs	3	9	18	28	31	33	33	34	34

1. The initial-year personnel cost is based on the 1987 salary schedule for step 1 of the indicated grade, incremented by 30% for benefits and FERS retirement contributions. For simplicity, raises and inflation are represented by an increase of $5K every two years, for each employee with grade higher than 11. Other employees have no scheduled raises, as a way to allow for turnover.
2. Receiver personnel specified here will work in conjunction with those in the SAO receiver development laboratory (3 FTEs).

SAO Submillimeter Wavelength Telescope Array:
Projected Annual Nonpersonnel Cost
(in thousands of 1987 dollars)

A. Site, Antennas, Receivers, and I.F. Distribution

	Design		Construction					Operation	
	FY89	90	91	92	93	94	95	96	97
SITE PLAN									
Site visits	6	10	20						
Site testing	15	140	85						
Site preparation				350					
Vehicles				35					
Antenna transporter					60				
Local office building			190						
Control/lab building				500					
Antenna pads/electrical				400	400				
Maintenance (1% of capital)				5	20	20	20	20	20
SUBTOTAL	21	150	295	1200	480	20	20	20	20
ANTENNAS/ENCLOSURES									
Pre design study	60								
Detailed specification		550							
Antenna testing			400	400	400				
Purchase			1750	1750	1750	1750	1750		
Maintenance (1% of capital)				15	30	45	60	60	60
SUBTOTAL	60	550	2150	2165	2180	1795	1810	60	60
RECEIVERS/LOs									
Lab set up	150								
First receiver									
develop first	150	150						150	
build 6 more			125	125					125
Second receiver									
develop first			175	175					175
build 6 more					125	125			
Third receiver									
develop first					175	175			
build 6 more							200	200	
Maintenance (1% of capital)				5	5	10	15	15	20
SUBTOTAL	300	150	300	305	305	310	215	365	320
IF DISTRIBUTION									
Design			125						
Construct				250	250	250			
Maintenance (1% of capital)				5	5	5	5	5	5
SUBTOTAL			125	255	255	255	5	5	5

B. Correlator, Computer, Contingency, and Operations

CORRELATOR									
Study	60								
Lab set up	120	50	50						
Prototype		150	150						
Construct				250	250	250	300		
Maintenance (1% of capital)				5	5	5	10	10	10
SUBTOTAL	180	200	200	255	255	255	310	10	10
COMPUTER									
Study	50	50							
Correlator control		100	125						
Telescope control		100	125	125					
Off-line analysis 1 (site)					200				
Off-line analysis 2 (CfA)						100	150		
Maintenance (15% contract)				15	30	65	105	105	105
SUBTOTAL	50	250	250	140	230	165	255	105	105
CONTINGENCY									
(20% of budget)			600	600	600	550	550	150	150
SUBTOTAL			600	600	600	550	550	150	150

SAO Submillimeter Wavelength Telescope Array: Projected Annual Nonpersonnel Cost (in thousands of 1987 dollars)

	Design		Construction					Operation	
	FY89	90	91	92	93	94	95	96	97
OPERATIONS									
Travel				20	40	60	60	60	60
Site Meals, Lodging, Services				50	50	50	50	50	50
Utilities/phone/misc				40	80	80	150	150	150
SUBTOTAL				110	170	190	260	260	260
TOTAL (nonpersonnel, A + B)	611	1300	4120	5320	4675	3840	3428	978	930
TOTAL (all personnel – (from page 3)	199	422	912	1227	1359	1472	1527	1555	1613
TOTAL	810	1722	5032	6547	6034	5012	4952	2533	2543

TOTAL DESIGN: 2532; TOTAL CONSTRUCTION: 27,877. All costs assume a developed site in the continental United States. Construction and operation in Hawaii will cost more than given here by about 25 percent.

Question: Is the 25 percent increase on a prime location an estimate above the $20 million or the $30 million?

Answer: The 25 percent increase is on the total cost of construction of the array, i.e., on $30 million.

Question: Why is there a difference between the chart and the narrative?

Answer: We regret the confusion introduced by the chart on page 84. It was based on our understanding that we should include in it projections only for the next five years, because the Institution's prospectus is limited to that period of time. However, we felt it important to describe the remainder of the project, too. As a compromise, the chart was confined to five years with the narrative following it outlining the remainder of the project.

Question: Operating expenses are 8 percent of which construction figure? $20 million? $30 million?

Answer: The annual operating expenses are 8 percent of the total cost for construction, which is $30 million for a continental site.

Question: If Congress determined that there were not adequate funds for construction but were adequate funds for design, how would the Smithsonian proceed?

Answer: The Smithsonian would proceed with the design and would await such time as funds for the construction were to become available. Without modern facilities, research organizations cannot long survive. The proposed submillimeter wavelength telescope array is considered the most vital component of SAO's program for the future. The array will allow SAO to carry out its fundamental mandate to increase knowledge and to maintain its eminence in research and its present excellent international reputation.

Question: Since you say that the array would be a major scientific instrument of international stature, have you sought contributions from other nations?

Answer: Yes. However, there is no strong possibility of

sharing significant direct funding with other nations. Those nations engaged in related research are involved in their own projects.

Smithsonian Tropical Research Institute

Question: For FY 89 you have requested an increase of $400,000 to continue the development of a program in molecular evolution and plant physiology at the Smithsonian Tropical Research Institute (STRI). How far along is the development of this program?

Answer: a. A highly-qualified researcher in molecular revolution has been hired.

b. An internationally-recognized researcher in plant physiology has been identified as the strongest candidate in that discipline.

c. The laboratories of three current STRI scientists are currently being equipped for their work on the molecular evolution and physiology program.

d. Candidates will be interviewed during April 1988 for the senior laboratory technician position for the STRI general-use electrophoresis laboratory.

e. A major physiological study of tropical forest plant adaptations to drought has been initiated.

Question: What are the anticipated out year costs for this program?

Answer: The anticipated annual out-year costs for this program is $800,000. STRI's goal is to establish substantial new programs in molecular evolution and plant physiology. With this initiative, STRI will have the first modern research programs in these disciplines located in the tropics. In combination with ongoing programs, this initiative will revolutionize our understanding of tropical biology. FY 1988 and 1989 expenditures will be used to supply the needs of existing staff and attract new staff with research interests in these disciplines. In the aggregate, we will have a sophisticated group of researchers and their long-term productivity will be assured by the continuation of support from this initiative in the STRI base.

Question: STRI is also in the third year of a major experimental study of how seasonal drought affects growth and reproduction of forest trees and understory plants. Two tracts of forest have been irrigated during the annual dry season to maintain wet season moisture levels, and these tracts have been compared with non-irrigated controls. A major finding in the study is that many species do not respond significantly to increased soil moisture during the dry season, contrary to expectation. Have you found a reason why many species have not responded?

Answer: The timing of growth and reproduction has not been affected by irrigation for most species of trees and vines which reach the upper canopy. In contrast, shrubs and herbs which grow in the forest understory show dramatic effects, including improved rates

of carbon gain during the dry season. We believe that humidity is the key to this difference. Irrigation raises humidity of the air in the sheltered understory, but not in the exposed upper canopy where strong winds maintain low humidities throughout the dry season. The finding that humidity may be as important as soil moisture in controlling plant responses to drought will be useful in designing irrigation programs for agroforestry systems.

Question: Is there a particular species affected more than others?

Answer: Irrigation has delayed leaf and flower production by four months in one canopy tree species, guayacan, (Tabebuia guayacan). We are investigating how future reproduction, growth and mortality are affected in this commercially important source of high-quality timber.

Question: Are there any other major findings you wish to discuss?

Answer:

a. Irrigation increases the number of small insects present during the dry season. Under natural conditions, insect abundance drops during the dry season with associated drop in pest damage to plants. This suggests that irrigation may increase pest problems if applied to agroforestry systems.

b. The availability of soil nitrogen for plant growth is constant throughout the year under irrigation, but undergoes a strong annual cycle elsewhere, with low availability in he dry season. This result is of interest because improved distribution of soil nutrients throughout the year is desirable in agro-forestry systems.

c. We have found that photosynthetic rates of forest plants, and hence growth rates, are limited by low CO_2 levels in the air, even during severe drought. This is an important result, because global CO_2 levels are rising, suggesting that the growth of tropical forest plants may change over time. Increased CO_2 levels are likely to be associated with increased temperatures and altered rainfall patterns, making it difficult to predict the net impact on plant growth.

Question: The Smithsonian Tropical Research Institute in conjunction with the Minerals Management Service are in the second year of a five year program to study an oil spill in Panama which affected a coastal research facility of the Smithsonian Institution (pg. 51). One of the unique aspects of this study is the amount of pre-spill data the Smithsonian had of the area. Is there any preliminary data from this study that you could discuss with the Committee?

Answer: We are just completing a manuscript summarizing the biological effects within the first 18 months of the oil spill. Two results are particularly noteworthy:

a. Quantitative survey of subtidal reefs showed extensive

mortality and injury of stony corals at heavily oiled sites. Total coral cover decreased by as much as 79% in shallow depths. In addition, most surviving corals showed signs of stress, including bleaching and lesion of tissues. These sublethal effects are still disproportionately common on heavily oiled reefs. Recruitment of new corals and coral growth are typically slow on Caribbean reefs. Thus changes in coral populations due to the oil spill are likely to persist for many years. Extensive mortality of subtidal corals in relation to an oil spill had not been demonstrated previously.

b. Red mangrove (Rhizophora mangla) forms nearly all of the fringing forest along the affected coast, just as it does along much of Florida. Trees began dying where oil washed ashore within 5 months of the oil spill, and by November 1987 a band 20-100 meters wide of dead mangroves occurred along an estimated 27 km of coast. Seedlings transplanted to heavily oiled sites did not produce new leaves in contrast to seedlings transplanted to an unoiled site. In addition, most mussels and oysters growing on mangrove roots died soon after the spill and populations have since recovered little. Most roots were dead and broken or rotting by August 1987. We are concerned that this mortality may allow accelerating coastal erosion with further negative effects for coral reefs.

Major Scientific Instrumentation

Question: With $525,000 provided in FY 88, the Smithsonian proceeded with design work to convert the Multiple Mirror Telescope (MMT). This five year conversion effort is expected to cost approximately $10 million (pg. 85). Once converted, the MMT will have twice the collecting area of the present instrument and be able to observe nearly one hundred times more of the sky at any one time. Is anybody else in the world building something similar?

Answer: Yes. There are a number of institutions and consortia that are building, or planning to build, larger telescopes. In order for SAO to maintain a reasonably competitive position in the future in optical astronomy, it will be necessary for the conversion of the Multiple Mirror Telescope to be carried out.

Question: If Congress determined that there were not adequate funds for construction but were adequate funds for design, how would the Smithsonian proceed?

Answer: The Smithsonian would proceed with the design and would await such time as funds for the construction were to become available. The conversion of the MMT is the second component of SAO's program for the future designed to enable SAO to continue its forefront achievements in research through the end of this century and into the beginning of the next.

Question: Is there any financial interest from other nations?

Answer: No. Other nations are proceeding with their own optical telescope projects. For example, the Europeans have just

recently committed $235 million to a set of four 8-meter-diameter optical telescopes to be constructed in the southern hemisphere.

Question: Please provide for the record a list of funds and projects in the FY 89 budget which are in the design phase which a request for construction funds is expected under the Major Scientific Instrumentation line-item in FY 90 or later.

Answer: The only projects now being considered by the Smithsonian for future funding under the Major Scientific Instrumentation line item are the submillimeter telescope array and the MMT conversion projects, as described in the Smithsonian FY 1989 budget submission to the Congress.

Biological Diversity

Question: In FY 87 and FY 88, $250,000 was provided to conduct a series of multidisciplinary and integrated biological diversity studies (pg. 95). The purpose of these studies was to gain a better understanding of the composition, functioning, and evolution of natural biotas in tropical regions. In FY 89, you have requested an additional $315,000 to expand the existing program and to include new sites. Can I assume that the $250,000 is retained in the base budget and the $315,000 increase is on top of that figure? If not, why not? If so, why is it necessary to more than double this program in one year?

Answer: The base of $250,000 for biological diversity studies received in FY 1987 has been retained and dedicated to this program. The original program budget was almost $1 million and was cut deeply to allow a pilot program to be established. The $315,000 request is in addition to the base of $250,000 and will allow more SI and other participants to go into the field, establish additional biodiversity sites in tropical Latin America, provide increased contract support for identification and processing of incoming specimens, and prepare monographs. The FY 1989 increase is small in comparison with the task of inventorying, assessing and long-term monitoring of the kinds of organisms of the most species-rich region of the world, in terms of both plants and animals.

Molecular Systematics Laboratory

Question: An additional $650,000 is requested in FY 89 for the second year of funding to establish a permanent, sustainable research facility in the field of molecular systematics (pg. 97). This increase builds upon the base funding of $250,000 and would enable the museum to purchase the necessary equipment and supplies to establish the laboratory at the Museum Support Center. The justification indicates that you anticipate all the equipment to be purchased by FY 90 and fully staffed by FY 93. What are you using the $250,000 for in FY 88?

Answer: In FY 1988 Congress reduced the $250,000 by $33,000 for estimated personnel salary lapse. We are currently recruiting for the two scientific positions and expect to make selections by the first week in May. At that time, we will begin recruiting for the two technicians. As soon as the scientists are selected, we will use

the balance of the $250,000 to purchase some of the basic equipment and supplies needed to establish a working laboratory.

Question: Can you provide for the record a breakdown of the anticipated funding by fiscal year from FY 89-FY 93 for equipment and supplies as well as the operating costs.

Answer: As the Molecular Systematics Laboratory staff are hired, we will be able to get a more definite list of equipment and operating support required in the future and revise our out-year budgets appropriately. The current projections are based on set-ups at other laboratories around the country, and can only be considered as estimates:

	FY 1989		FY 1990		FY 1991		FY 1992		FY 1993	
	FTE	$(000)	FTE	$(000)	FTE	$(000)	FTE	$(000)	FTE	$(000)
Personnel	9	288	9	288	14	462	17	552	17	552
Travel		12		12		120		120		120
Contracts						50		50		50
Stipends		50		50		100		100		100
Supplies		100		100		200		250		200
Equipment		450		450		268		178		78
Total	9	900	9	900	14	1200	17	1250	17	1100

National Zoo - Amazonia Exhibit

Question: You have requested $3.2 million in FY 89 to begin construction of an aquatic habitats complex. This complex will utilize major structural components of the existing polar bear exhibit and will be a greenhouse-enclosed replica of a tropical river flowing through a forest. What will be the total cost of this facility? Is there a similar facility anywhere else in the world?

Answer: The total estimated cost for the Amazonia Exhibit (the first exhibition in the aquatic exhibits complex) is $12,200,000. Our exhibit is unique in that it will be the first exhibit to show biodiversity in an exciting educational approach to emphasize conservation. There is no similar facility elsewhere.

Construction

Question: Within the Construction account, an additional distinction will be made in FY 89. Projects under $1.0 million will be included in a new category titled "Minor Construction, Alterations and Modifications." Projects in this category will include minor alterations to existing space to accommodate changes in programmatic activities, or to prepare for new initiatives; and small new buildings needed to replace or expand space available for program use. Traditionally projects in the Construction account have required Congressional authorization, while the FY 89 justification does not contemplate formal authorization for projects in the Minor Construction, Alterations and Modifications category. Why isn't

authorization contemplated for these projects? How was this $1.0 million threshold established?

Answer: Such work is authorized by 20 U.S.C. 53a which says "Appropriations are authorized for .... repairs and alterations of buildings and grounds occupied by the Smithsonian Institution in the District of Columbia and elsewhere ...". Invariably these projects are changes to existing structures or minor new construction (sometimes replacing prior structures) on land owned by or otherwise made available to the Institution. The Smithsonian's authorizing committees are annually informed of these proposed projects.

This figure is analogous to GSA's current authority of $500,000 for similar work which is proposed to be raised to $1,500,000 or $2,000,000 under pending amendments to the Public Buildings Act. At the $1 million level it seems to us to be a good threshold between small projects of benefit to the Institution and larger ones requiring authorization. Inflation and other factors may dictate a future proposal to increase the threshold level.

Maintenance Backlog

Question: Last year's justification indicated that the Smithsonian had $216 million of facilities maintenance and repair requirements in the coming years. $19 million was provided in FY 88 in the Repair and Restoration of Buildings yet the FY 89 justification indicates that there is still a backlog of $216 million. Was the $216 million estimate updated prior to the printing of the document or are we simply not keeping up with the need?

Answer: The FY 1989 budget request went to press before completion of the cycle of annual inspections, which revised the current backlog to $197 million as of February 1988.

Question: What are your plans to eliminate this backlog?

Answer: We plan to present an R & R request of $35 - $40 million annually to eliminate the backlog. At this rate, it is expected that it will take seven to ten years to eliminate the current backlog, although some projects such as the renovation of the HVAC system at Natural History may require higher funding some years than this level might ordinarily allow, and may extend beyond the span of years required to eliminate the rest of the backlog.

Question: At last year's hearing, in an effort to reduce this backlog, you indicated that you were going to increase the annual funding levels in the Restoration and Renovation account to $30 million in FY 89 and $45 million in FY 90. The FY 89 request for R & R account is $20 million. New construction, however, is proposed to increase from $1.3 million in FY 88 to over $10 million in FY 89. Was there a change in priorities from R & R to construction?

Answer: The increase in the construction account from $1.3 million to $10 million is not a change in priorities from R & R to Construction. Most of the $10 million in the construction request is to cover the remaining construction costs of the Whipple Base Camp which was deferred by Congressional action in FY 1988 ($3.2 million) and the move of Alterations and Modifications projects from the R & R

account to the Construction account as a result of discussions with Congressional Committee staff ($3.2 million).

There has not been a change in priorities from R & R to Construction. The Institution's policy is to provide a balance between resources required to keep the existing physical plant in good repair and preserve it for future generations, while also providing essential new or altered space to sustain ongoing or new program activities of the Smithsonian.

Question: Why isn't the FY 89 request for R & R as high as you testified last year?

Answer: Our request for R & R funding is not as high as projected last year because the Office of Management and Budget did not allow the full $40 million requested for the FY 1989 budget.

Question: What was your FY 89 request to OMB for the R & R account? The new construction account?

Answer: The request to OMB for R & R work was $40 million, for all categories of work included in the original R & R account, including projects now justified as Minor Construction, Alterations and Modifications under the Construction account, and Administrative Costs now justified as increases to the Salaries and Expenses account. The OMB passback level was $23 million for these activities. The Institution shifted funding within the OMB allowance to increase the R & R account to $25 million for the categories originally requested under R & R. As noted above, the requests for Minor Construction, Alterations and Modifications and for Administrative Costs were shifted to other accounts within the Congressional budget request.

The OMB request for Construction was $7.2 million ($2.9 million for the BCI Lab, $3 million for design of the General Post Office Building, and $1.3 million for construction planning). The passback allowed a request for $2.75 million for the BCI Lab and $1 million for Construction Planning, and the Institution appealed to OMB for an additional amount of $3.2 million to cover the remaining construction costs of the Base Camp at the Fred L. Whipple Observatory which had been deferred by Congressional action in FY 1988.

Question: Did you appeal either of these?

Answer: The Institution did appeal the R & R level to OMB. OMB did not increase the allowance but encouraged the Institution to shift funds allowed from the S & E account to R & R (total of $1.6 million was shifted to R & R). As noted above, a portion of the total amount allowed by OMB for R & R projects has been requested under the Construction and Salaries and Expenses accounts.

Because of Congressional action in FY 1988 to defer construction of the Base Camp at the Fred L. Whipple Observatory in Arizona, the Institution appealed to OMB to be permitted to request the balance of funds needed to complete construction of the Base Camp in FY 1989. The Institution's allowance was amended to include $3.2 million to the Construction request to Congress for FY 1989.

Major Capital Renewal

Question: At the FY 88 hearing you also indicated that you were contemplating $10 million for a new subaccount; Major Capital Renewal. Your FY 89 request, however, is $3.7 million. What was your request to OMB for this subaccount? What happened to the $10 million figure?

Answer: The estimate of $10 million made last year was intended to be a planning number and we have since had a chance to refine our estimates of funding needed for the specific projects included in the FY 1989 request. This resulted in a request to OMB for this subaccount in the amount of $7.66 million. OMB's allowance for the R & R account required a reduction in the Major Capital Renewal category in order to allow sufficient funding for other ongoing repair requirements of the Institution.

Question: At last year's hearing you provided a detailed description of the Smithsonian's plans for funding of the Columbus Quincentenary programs. The FY 89 increment was expected to be $845,000. What is in the FY 89 budget for this program? Have your estimates changed substantially in total? Please provide for the record an updated version of that chart.

Answer: The amount requested in the FY 1989 budget for the Columbus Quincentenary Program is $613,000, within our original estimate. However, the estimates for the entire Program have changed. Our original estimates included program and exhibition plans from nine Smithsonian bureaus. The current program includes six additional Smithsonian bureaus that have developed special programs for the Quincentenary which were only in the conceptual stage at the time the FY 1988 budget was submitted. The six new programs, together with better estimates of the other programs (where planning has substantially progressed) have resulted in the new budget estimates. As program planning continues, budgets have been refined, taking into account cooperative exhibitions between museums and factors such as obtaining many objects and resources from institutions throughout the United States, Europe and Latin America. The planned programs for the Quincentenary in each of the Smithsonian bureaus will be closely scrutinized during the development stage. Allocations to bureaus will be made within a total Institutional budget for the Quincentenary. Additional funds will be requested in future years as planning continues. An updated version of the chart is attached.

SMITHSONIAN INSTITUTION
FUNDING FOR COLUMBUS QUINCENTENARY PROGRAMS
FY 1987 - FY 1992

($000s)

Bureau	FY 1987 Approp.	FY 1988 Approp.	FY 1989 Request	FY 1990 Estimate	FY 1991 Estimate	FY 1992 Estimate	TOTAL FUNDING FY 1987 - 1992
Tropical Research Institute	0	0	0	56	147	330	533
Office of Museum Programs	0	0	0	125	145	75	345
Museum of Natural History	42	80	130	630	1,130	200	2,212
Air and Space Museum	12	30	41	241	441	41	806
Museum of American History	53	80	125	625	1,125	1,125	3,133
Museum of American Art	0	0	25	50	150	150	375
National Portrait Gallery	11	15	15	15	15	15	86
Hirshhorn Museum	4	20	20	20	20	20	104
Cooper-Hewitt Museum	0	0	24	24	24	0	72
SITES	0	25	55	235	85	85	485
SI Press	4	0	0	0	0	0	4
International Activities	33	50	50	177	1,050	1,050	2,410
Folklife Programs	11	40	90	174	240	401	956
Interdisciplinary Studies	0	0	0	0	49	79	128
Elementary & Secondary Educ.	0	0	38	38	0	0	76
TOTAL, SMITHSONIAN	170	340	613	2,410	4,621	3,371	11,725

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

STATEMENT OF PROSSER GIFFORD, ACTING DIRECTOR

ACCOMPANIED BY:

SHAUN E. MURPHY, ASSISTANT DIRECTOR FOR PUBLISHING

SAMUEL F. WELLS, ASSOCIATE DIRECTOR AND HEAD OF EUROPEAN INSTITUTE

JON E. YELLIN, ASSISTANT DIRECTOR FOR ADMINISTRATION AND FINANCE

PREPARED STATEMENT

Senator REID. We will now turn to the Woodrow Wilson International Center for Scholars, represented by the Acting Director, Mr. Prosser Gifford.

The Center's 1989 request for salaries and expenses appropriation is $4,285,000, an increase of $257,000, or 6 percent, over last year.

In addition, the Center is requesting $350,000 for the endowment's challenge fund. There was no 1988 appropriation for that purpose.

Mr. Gifford, your entire statement will be made part of the record at this point.

[The statement follows:]

STATEMENT OF PROSSER GIFFORD

The Wilson Center is a strong and lively institution. Our task is to sustain and consolidate its strengths and to fulfill the possibilities that we see as well as to be alert to those yet to be envisioned. Immediate priorities are: to secure the remaining endowment to match our initial congressional challenge grant and to plan for further endowment growth; to solve crowded working conditions in the Castle and unite staff and scholars working in different locations outside the Castle; to diversify and increase outreach to national and international audiences through publishing, radio, and conference activities; to structure the Center to be more effective in meeting the needs and drawing on the talents of our fellows and guest scholars; to ensure that the Center's core staff has the background and resources to coordinate eight energetic, diverse programs; and to develop with appropriate care a new program on Africa and the Middle East to complete the Center's geographical coverage of the globe.

Raising endowment must be our first priority, with a goal of $12 million to be reached over the next several years. The income from such an endowment will provide: financial security to allow advance planning of major initiatives, stipends sufficient to support the most distinguished scholars and practitioners, funds to bring scholars beginning their professional careers to the Center as research assistants, and funds to test and strengthen new forms of outreach to broadened constituencies. We expect in fiscal 1988 to meet a three-to-one congressional challenge grant calling for the Center to raise $3 million in endowment monies from private sources, and Congress to provide $1 million, for a total of $4 million. We hope that Cogress will provide as originally intended a second three-to-one challenge grant in succeeding years to facilitate an endowment campaign for an additional $8 million--with $6 million to be raised from private sources and $2 million to be provided by Congress--thereby bringing total endowment to the $12 million goal.

Workspace is also an urgent priority. The Wilson Center is larger than the sum of its parts in the Smithsonian Castle. Although the Center has transferred staff to office buildings nearby, it remains overcrowded. A single, proximate, well-designed work environment is needed for staff who must, for reasons of space, work outside the Castle. Until such time as The Wilson Center can be united again under one roof, consolidateion of sites to a minimum--the Castle and one other building--is an absolute requirement for scholar's communication and effective administration.

We are pleased to report that after a comprehensive search process the Center has entered into a seven year commercial space rental agreement, with the crucial assistance provided by this year's federal appropriation. On July 1, 1988 the Center will consolidate its existing off-site components into 13,700 square feet of space at 370 L'Enfant Promenade which is located approximately 100 yards from the Independence Avenue side of the Castle. We fully expect this additional space to solve the Center's space requirements for the foreseeable future.

Dissemination of Wilson Center scholarship to diverse audiences nationally and internationally requires increased activity. Our assistant director for publishing, Shaun Murphy, has made possible exciting new opportunities to diversity our publishing formats and increase our reading audiences. We have established our own imprint--The Wilson Center Press--to give ourselves in-house book publishing capability. We have also entered into an agreement with one of the world's leading scholarly publishers—Cambridge University Press-to publish half a dozen bookd each year for world-wide distribution. We are moving into desktop publishing for improved newslettes and reports on our meetings. Together with this vigorous publishing program, we expect by spring 1988 to renew broadcasting our Radio DIALOGUE series; and we also plan more reporting by the Wilson Quarterly on the work of the Center. Our aim is to achieve maximum coordination of outreach efforts, greater dissemination of the results of Center work, and clear identification of our different media--books, essays, occasional papers, cassettes, reports, broadcasts, and the Wilson Quarterly--as services

of the Center. We are determined to share as much a possible of our substantive scholarship and analysis with the many audiences who want it.

The Wilson Center's international outreach has developed institutionally, as well, in recent years through a number of jointly sponsored conferences. More such conferences are planned with foreign scholarly and research institutions. Among the institutions with which the Center has worked to date are the Finnish Institute of International Affairs in Helsinki, the Fundacao Calouste Gulbenkian in Lisbon, the Atlantik-Brucke in Bonn, the National Institute for Research Advancement in Tokyo, the Daewoo Foundation in Seoul, the Institute for Advanced Study in Sao Paulo, the Gorki Institute in Moscow, the Ditchley Foundation in Oxford, and the Musee des Sciences de l'Homme and the Ecole des Hautes Etudes en Sciences Sociale in Paris. These cooperative undertakings reflect the Center's commitment to develop scholarly relationships internationally. They represent an institutional parallel to the continuing relationships we maintain with current and former fellows and guest scholars from all parts of the world.

Our most basic investments remain people and programs. We seek people whose thought is incisive and reflective. Our programs are designed to bring such people--fellows, other visiting scholars and practitioners, and staff--together and to support their research and discussion. Twenty-three major conferences and hundreds of meetings were held during the past year.

In early February we held another in our series of bilateral conferences focussed upon the political, social, and economic changes occurring in another country. The focus this time was upon Italy, and the conference was cosponsored by the Fondazione Giovanni Agnelli. Italian political stability, despite the instability of cabinets, the enormous demographic and social transformations of the past forty years, and the ambivalent characteristics of the Italian economy caused much discussion and debate. The final evening was hosted by Ambassador Petrignani at his residence with remarks by Giovanni Agnelli and Governor Mario Cuomo.

We anticipate several more bilateral meetings this year: in June we will host a conference to examine changes in American scholarship on China over the past twenty years; we will cosponsor with the Musee de l'Homme a conference to explore the differing traditions of freedom of expression in France and the United States; and we will continue our series with the Atlantik-Brucke on current German-American relations.

In recent months we have held a number of meetings examining the possibilities of serious Soviet structural reforms in industry and agriculture, and the effect of changes in Soviet policy upon Eastern Europe. We will have two further meetings on these subjects in March, and in May a major meeting in Yugoslavia bringing together many of our former fellows from Eastern and Western Europe to discuss the past and present consequences of the division of Europe after 1945, as well as a major conference, cosponsored with the Library of Congress and with the University of California, on the millenium of Christianity in Russia.

Of the many additional meetings planned, and related publications deriving from them, I might mention two: a meeting in late March on Industrial Democracy: Work Relations in 20th Century America; and a meeting in September to examine the treatment of war and war-guilt in the post-1945 literature of Germany and Japan.

Our fellows continue to be the heart of the Center, and we have just issued the appointments resulting from another round of our selection process. While we have some concern about the decline in the number of applicants--particularly among American scholars, I am confident that the quality, range and diversity of those appointed is the equal of any other year.

Mr. Chairman, I and my staff will be pleased to answer any questions you and members of the subcommittee may have.

BIOGRAPHY OF SHAUN E. MURPHY

Ms. Murphy joined The Wilson Center in April 1987 as Assistant Director for Publishing after having served for seven years as Director of The Urban Institute Press. Ms. Murphy is a publishing professional of twenty years experience with an extensive background in management, editing, writing, publicity, and promotion. Before she was Director of The Urban Institute Press, a leading publisher of ten to thirty social science and public policy books a year, she was for the previous five years Promotion Director at the Institute. Prior to her career at the Institute, her experience included a number of major editorial and publicity posts spanning book, magazine, and newspaper publishing. Ms. Murphy is a 1968 cum laude graduate of Wellesley College, where she was awarded special distinction for independent study and was named a Wellesley College Scholar.

Professional Background

April 1987 - present	Assistant Director for Publishing, The Woodrow Wilson Center for Scholars, and Director, The Wilson Center Press
1980 - April 1987	Director, The Urban Institute Press
1975 - 1980	Promotion Director, The Urban Institute
1975	Independent Communications Consultant (clients including The Washington Post, the Washington Monthly, The Brookings Institution, The National Geographic Society)
1974 - 1975	Associate Editor, The Washington Post Magazine, and Associate Editor, The Washington Post Book World
1974	Independent Communications Consultant (research, writing, and editing of "Energy" chapter, President's Council on Environmental Quality Annual Report 1974, under subcontract to the Government Research Corporation)
1973 - 1974	Editor-in-chief, National Issues/Outlook Contributing Editor, National Journal
1972 - 1973	Communications Specialist, the National Center for Voluntary Action
1970 - 1971	Publicity and Promotion Director, Peter H. Wyden, Inc./Publisher, The David McKay, Co., Inc.
1969 - 1971	Associate and Book Critic, Kirkus Reviews
1968 - 1969	Writer/editor and assistant to associate publisher, Universal Publishing & Distributing Corp.
1968	Editorial Assistant, House Beautiful Magazine, Hearst Corp.
1961 - 1963 summers	Reader, Simon & Schuster, Inc., Office of West Coast Editor-in-chief

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SUMMARY STATEMENT

Senator REID. I would ask you and your colleagues to make whatever brief opening remarks you wish. Then we will proceed to questions.

Mr. GIFFORD. Fine, Mr. Chairman. I will be very brief in my comments.

I think the Center is doing well by the measures we use. We had 80 fellows and 32 guest scholars last year working on projects of original research. We held 23 major conferences and over 200 other meetings, many of which are likely to lead to significant publications, and I would be glad to suggest some of those if you wish.

We will, I trust, discuss our publishing plans in a moment because that is one of the major items in our 1989 budget.

As I believe you are aware, we now have a new Director of the Center, Mr. Charles Blitzer, who is not yet officially Director because he hasn't resigned from his present position in North Carolina. But he will be joining us, I trust, before too long, and with his appointment I am sure that our endowment efforts will pick up, and I would be glad to respond to questions about the endowment drive, which of course connects with what you mentioned about the OMB approval of an endowment challenge grant.

Shaun Murphy, who is our Assistant Director for Publications and is with me here, would be glad to speak in some detail to our publishing program, which is the major item in our 1989 budget, the major item of new expense.

We have just received a report this past week, that a further $70,000 has been given by the Packard Foundation to sustain our publishing program for the balance of this fiscal year, which is a great help.

We have also received very recently significant funds to assist the increased circulation and extension of our Wilson Quarterly, which has about 110,000 subscribers. Over the next 3 years we hope to increase that circulation significantly and also tie the quarterly more explicitly to other activities of the Center.

I think, Mr. Chairman, that concludes my oral remarks. My written remarks will be in the record.

Senator REID. Very well, they will be.

DECLINE IN FELLOWSHIP APPLICATIONS

Your opening statement refers to a decline in the number of applicants for fellowships, especially among American scholars.

I find this troubling and wonder if you could discuss with the subcommittee what factors contribute to this decline.

Mr. GIFFORD. Mr. Chairman, it is troubling, and it is not entirely explicable. Our trustees have established a special ad hoc committee to look at the whole fellowship process. We think that several things are at work here.

First, the fact that there are now many dual career academic families; that is, both husband and wife have positions. Sometimes they are both academics. Sometimes one is an academic and the other is not.

Senator REID. What difference would that make?

Mr. GIFFORD. Our Center is a residential center; that is, we support only people to come to Washington, who actually work in the Wilson Center or in the Archives or the Library of Congress. But they have to be in Washington because the interaction among our fellows is an important part of the whole experience.

It is difficult often for people to leave if they both have jobs. It is difficult to get a synchrony of leave of absence. That is one factor.

A second factor is simply that there are now an increased number of opportunities for people to pursue research at other institutions and in other parts of the world. We don't know how much effect. It is very difficult to measure because what is difficult for us to discover is why people do not apply.

We have a pretty good fix on the people who are invited to become fellows and who turn us down. It is not a large number, and we know why they do that. We have asked them directly.

But what is very difficult to identify and what we will try to identify during the coming year is why people self-select out, why they do not apply.

Senator REID. What can be done to halt this decline?

Mr. GIFFORD. We are a center to which people come by competitive application. We do not invite directly. We do not appoint directly. So what we do is we invite people to apply. We do a good deal of that. We can certainly do more.

Our best recruiters really are our own former fellows, and we are going to try to use them more effectively in suggesting other people who would like to come to the Center.

You are quite correct in suggesting that the decline is disproportionate among American applicants. Our foreign applicants are quite strong; in fact, stronger than ever. This suggests that it may be in part the proliferation of opportunities in this country, opportunities that do not require residence; that is, fellowships where you can simply stay at home and use your computer and use your data base and use your own facility rather than move to Washington.

CHANGES IN THE SOVIET UNION

Senator REID. Your opening statement references recent meetings you have had on the possibility of Soviet reforms in industry and agriculture and their effects on Eastern Europe.

What do you and your experts think of the apparent changes taking place now in the Soviet Union?

Mr. GIFFORD. I would be glad to speak to that, but I think I would like at this point to turn to the Associate Director Sam Wells, who participated in our most recent conference with German colleagues on these very subjects.

Sam.

Senator REID. And I think getting to the crux of the matter, have these meetings resulted in any publications you could share with the subcommittee?

Mr. WELLS. We have had two conferences, Senator Reid, on key Soviet developments. We had one in September, just a year ago, on the Soviet defense programs and the implications of reform there and one just 2 weeks ago on the overall reform program in the Soviet Union—Eastern Europe and the Soviet Union.

In general, the most interesting conclusions I think have come from this last conference, where we had the leading German specialists along with many of the top Americans. There is something very fundamental going on in the way of change in the Soviet Union. There is a significant recognition among Gorbachev and his associates that in order to be competitive in the 21st century they have to alter in a very basic way their structure and their way of doing business.

There was an equivalent recognition that there is considerable resistance to this type of change, and no one is very confident in predictions about whether the reform program is going to succeed or not.

Senator REID. Tell us about the two publications.

Mr. WELLS. They will each be books. We should have by, the end of this year the Soviet defense book, and probably it will take us roughly 10 months to publish the results of the Gorbachev reform conference just held.

We would like to publish this volume quicker, but one-half of our authors are native German speakers, so it is more complicated.

Mr. GIFFORD. Senator, if I could just add a word. You did ask about agriculture.

There was another meeting which addressed agricultural problems, in particular. I think the feeling there of experts, such as Alex Nove from Scotland, is that there is not the capability because of the tremendous collectivization. There isn't the capability to respond quickly as there was in China. They simply have undercut the foundation which would make it possible to respond relatively quickly to individualized incentives the way the Chinese did.

So there seems to be a good deal more pessimism about changes in Soviet agriculture.

Senator REID. Interesting. I am going next week to Czechoslovakia and Poland.

Mr. GIFFORD. Our most recent brief reports summarize a seminar on an East European glasnost, the media experience.

Senator REID. Good.

ENDOWMENT CHALLENGE FUND

In 1986, the Congress appropriated almost $1 million for the endowment challenge fund. Your budget this year indicates that you will have fully matched on a 3-to-1 basis, as required by law, within 6 months.

Is that so?

Mr. GIFFORD. I believe, sir, it is so. We now have about $1.4 million still to raise to meet the challenge, but I am quite confident that we will do that.

PUBLISHING PROGRAM REQUEST

Senator REID. Your budget on page 36 requests $84,000 to fund an Assistant Director for Publishing and a secretary. These positions had previously been paid for from nonappropriated funds.

Your budget further states that these two positions will be supplemented by a managing director, a newsletter editor, and a production manager which will be supported with the Center's nonappropriated trust funds.

What is the justification for converting these two positions to appropriated funds other than the fact that the grant to support them is running out?

Mr. GIFFORD. Senator, the justification goes back really to the rationale which we have worked out at the Center for distribution between Federal and nonappropriated funds.

As you know, we are under the charter empowered to use both. The rationale has been as follows. We have put on the Federal budget essentially two kinds of things—stipends for the fellows, because that is really the core of Wilson's memorial, and then those central functions, those functions which serve all aspects of the Center—the administrative office, my office, and publications are such functions.

We have published a lot of books over the years, but we have not had an integrated publishing program until we were fortunate enough to attract Ms. Murphy. The prospect now of having a sustained publishing program with relationships with two major publishers, Cambridge University Press and the University Press of America, means that we really need to plan for this as a continuing central activity of the Wilson Center.

Because of that, it seems to us reasonable that the two key positions in that department be Federal and the balance be supported with private funds. This is the rationale that plays throughout the Center, and it is quite consistent with our practice.

Senator REID. Do you anticipate that in some future budget you will request appropriations to fund the managing editor, the newsletter editor, and the production manager?

Mr. GIFFORD. Well, sir, I don't want to commit our future Director, but I would think, given what I have just said, we would certainly seek to maintain a balance between Federal and private funds in this activity, as in our others.

REIMBURSEMENT TO SMITHSONIAN

Senator REID. Your budget on page 3 states that on January 5, 1987, the Center assumed responsibility for the tasks of recruitment and position classification previously managed through the Smithsonian system.

On page 14 of your budget, I note that the payment you make to the Smithsonian each year for personnel services, among other things, has remained at $75,000 for 3 years.

Why hasn't this payment been reduced in view of your assumption of these personnel responsibilities?

Mr. GIFFORD. I think I would ask Jon Yellin to speak to that issue, our Assistant Director for Administration and Finance.

Mr. YELLIN. Senator, the $75,000 that we pay to the Smithsonian each year covers a variety of activities, including personnel, protection, accounting services, legal services, building management, library services, and the like.

The personnel component of that $75,000 last year was $4,000. For the $4,000 we still receive benefits and advice on technical issues that we are not capable, given our small staff of handling ourselves, such as advice on equal opportunity policy, and benefits administration.

Senator REID. Does the Center have to hire additional staff to carry out these duties?

Mr. YELLIN. Yes, sir; we have our own personnel management specialist who works on this and a privately funded personnel assistant to handle the responsibilities.

JANUARY 1988 PAY RAISE

Senator REID. What is the total cost of the January 1988 pay raise in 1988–89?

Mr. YELLIN. In 1988, the cost was approximately $25,000 and in 1989 approximately $35,000.

Senator REID. It is my understanding you have no supplemental requested in 1988. So how do you plan to absorb these costs?

Mr. YELLIN. That is correct. We plan to absorb these costs in 1988 through lapses in filling vacancies, which are extraordinary in 1988 mainly because of the requirement that conversion to Federal status of two positions; namely, the program secretary and program assistant for the West European Program, be approved by the Office of Personnel Management. There has been some delay, and the savings resulting from the delay can be applied to the cost of the pay raise.

Senator REID. Does the 1989 budget include any request for the potential 1989 pay raises?

Mr. YELLIN. No, sir; it does not.

Senator REID. Mr. Gifford, to you and your associates, I extend to you my appreciation for your testimony.

ADDITIONAL COMMITTEE QUESTIONS

The subcommittee has some additional questions from Senator McClure which can be answered for the record as soon as possible.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

PUBLISHING PROGRAM

Question. The first priority of the Center's FY89 budget is to establish the Center's new publishing program on a firm foundation, building on the past years' accomplishments when the Wilson Center Press was established (pg. 35). In FY89, you have requested an increase of $193,000 (+33 percent) in the publishing program for a variety of operational expenses. How will this new publishing program differ from the old one?

Answer. The new publishing program of the Center is distinguished from the old by its conscious commitment to outreach, involving a pro-active approach to the development and management of publishable material and publishing opportunities. These opportunities extend to the Center's fellows and guest scholars, some of whom have limited opportunities for publication in their countries of origin either because such countries lack the resources or because of political constraints on scholarly work.

The new publishing program has resolved the fragmentation of earlier outreach efforts and developed significant economies for greater outreach in an overall program and budget strategy. For FY 1989, the new publishing program is expected to require financial support of $885,000. Fifty-four per cent of this ($480,000) is provided by the publishing partners of the program; approximately 24% is being asked of the Congress in federal monies ($193,000 increase plus $23,000 in the FY 1988 base); and approximately 22% ($189,000) is provided by private grants (of which $70,000 is in hand and $109,000 is to be raised). (See Attachment A.)

The new publishing program is expected to: 1) significantly increase the number of published works based on the conferences of the Wilson Center; 2) greatly expand the diffusion of ideas and knowledge generated by the Center and its fellows; 3) assure that the knowledge produced by the Center is preserved and shared in book form--the main repository of culture in our society--and that scholarship of superior quality is made available to reading audiences independent of commercial judgments, and; 4) accomplish these goals in cost-conscious and cost-effective ways.

Question. What were some of the problems of the old program?

Answer. A major problem of the old program was that outreach had proceeded on an ad hoc basis, relying on the initiative of individual staff and programs and the entrepreneurship of acquisitions editors from commercial and university presses of varying quality. Related problems were: 1) lack of staff expertise to establish policies and procedures for rational investment of resources for publishing; 2) inadequate skills for negotiating satisfactory marketing and distribution of work published with outside publishers; 3) little or no public awareness of the Center as originator of published volumes; 4) minimal knowledge of the inventory of publishable materials on hand and potential materials to be developed; and 5) lack of publishing channels for fellows' work, apart from the occasional opportunity to provide an essay to The Wilson Quarterly.

With the support of a private grant, the Center was able in FY 1987 to hire an assistant director for publishing who could bring to bear more than twenty years' experience in editing, marketing, and managing newspapers, magazines, and book programs to develop and implement the Center's outreach strategy. First steps in the organization of the new program were an "inventory" of publishable material; a consolidated bibliography of Wilson Center publications for the years 1970-1987; and creation of an internal Advisory Editorial Board to select material for publication, assure quality, and promote policies to convert appropriate scholarship to publishable form. Over the next 18 months, approximately 50 book projects will come before the board for review and decision. Also within the first year, the Center created its own book-publisher identity, The Wilson Center Press, financed in a large part by an advantageous distributor relationship with an established outside publisher. An additional cost-effective publishing partnership was achieved with the prestigious Cambridge University Press for a Center series of approximately 6 books annually. This second partnership permits books of pronounced international value to be served by Cambridge's extensive distrib-

ution system, reaching 154 countries, more than any other book publisher in the world. A desktop publishing system introduced in 1987 was by spring 1988 providing in-house typesetting for the Calendar/Meeting Report and serving as the cost-effective basis for plans to redesign and expand the Calendar/Meeting Report into a Woodrow Wilson Center Report. Editorial policies under the new publishing program encourage integration of effort across the center's programs and across its publications, including The Wilson Quarterly.

PERSONNEL MANAGEMENT

Question. Last January, the Center assumed responsibility for the tasks of recruitment and position classification which was previously managed through the Smithsonian Institution. How is the new system working?

Answer. The new system is working very well. The Center's personnel management specialist and staffing assistant are preparing all recruitment actions, and developing certifications for selecting officials in a timely manner. The Center also has assumed responsibility for reporting to the Office of Personnel Management, for employee relations, and for orientation of new employees. In general, response time for all personnel actions has been excellent.

ENDOWMENT CAMPAIGN

Question. The second priority of the Center is to sustain the momentum of the Center's search for private endowment funds by moving to the second stage $12 million endowment campaign. To initiate this drive, $994,000 was provided in FY86 to the Endowment Challenge Fund with the expectation that it would be matched on a three-to-one basis by private contributions. Since you have requested an additional $350,000 in FY89, should I assume that you expect the $994,000 to be matched by the end of FY88?

Answer. The Woodrow Wilson International Center for Scholars fully expects to match the initial federal increment of $994,000 by the end of FY 1988.

Question. Why are you requesting only $350,00 for this purpose? Have your assumptions changed since the first $994,000 increment was provided?

Answer. Our assumptions have not changed regarding the size of the Center's endowment and our ability to raise the requisite match. The Center sought a further federal increment of $1 million from the Office of Management and Budget in its FY 1989 budget submission. We were pleased that the Office of Management and Budget, in its response to the Center's FY 1989 budget request, accepted for the first time the concept of the congressionally-initiated Endowment Challenge Fund. Budgetary constraints compelled OMB to reduce our request. With continued success in our endowment drive, we plan again to seek substantial federal support for the Center's endowment in our FY 1990 budget request.

Question. You assume a total return of 9 percent on an eventual endowment of $12 million and an inflation rate of 4 percent. Of the $1,080,000 that will be generated annually from this investment, the Center is proposing to use $600,000 and retain $480,000 to keep the purchasing power constant against inflation. What is your investment strategy to generate the 9 percent return?

Answer. We have a professional investment management firm, Miller, Anderson and Sherrerd of Philadelphia, handling our investments, under the supervision of a trustee-appointed investment policy committee. At present our holdings are balanced 50% equity and 50% fixed income. Any projection of rates of return and inflation over an extended period can only be an educated guess, but we believe that a 9% total return is a conservative estimate. Over the eighteen months in which we have been invested with Miller, Anderson and Sherrerd, our total return has in fact been 12.7%; this is too short a period of time, however, to permit any confident extrapolation. Any significant upturn in inflation would require the reinvestment of additional income in order to retain the purchasing power of the endowment.

Question. On what will you be focusing the $600,000?

Answer. Our FY 1989 budget submission detailed the following uses for the anticipated amount of $600,000 annually:
--apply one-half to reduce the annual federal conference/outreach appropriation;
--enhance "intellectual Washington" and the scholarly life of the Center with the presence of one or more distinguished fellows;
--stimulate new forms of triangular discussion and contact among scholars, business people, and public officials;
--draw college and graduate students and young professionals of high competence into international studies through work opportunities at the Center; and
--expand the formats and opportunities for sharing Wilson Center fellows' ideas and publications with a larger national and international audience.

DECLINE IN FELLOWSHIP APPLICANTS

Question. What percentage decrease have you experienced over the last several years?

Answer. In 1985 the total number of applications increased by 1.6% (from 435 in 1984 to 442 in 1985); in 1986 they decreased by 3.2% (to 428); and in 1987 they decreased by 18.6% (to 348). The dramatic drop in applications in 1987 may well be a temporary phenomenon, and it will be unclear until we have had at least one more competition if this is a trend.

Since 1985 the number of applications from U.S. candidates has declined by about 30% (from 256 to 181), whereas the number of applicants from abroad has declined by about 10% (from 186 to 167).

Question. What can be done to halt this decline--can you offer any solutions? Please feel free to elaborate on this for the record.

Answer. At this moment, we have more questions than answers. The Board of Trustees has already decided to form an ad-hoc committee to conduct a study of the overall fellowship process. The committee will explore, among other issues, the effectiveness of our current recruitment efforts, the perception of the Center by potential applicants, and the competitiveness of our stipends.

Some of the more specific questions to be considered (which pertain to all U.S. residential centers) include: have residential centers become less attractive to scholars due to the increasing numbers of dual-career couples?; Since many Universities now offer their faculty significantly better services such as data banks, research assistants, etc., is this affecting the motivation of scholars to apply to a residential center?

We will share our findings with you.

ENDOWMENT CHALLENGE FUND

Question. It will have taken you 3 years to raise the $2,982,000 required to match the initial $994,000 appropriation. Do you anticipate any difficulty in raising an additional $1.05 million to match the $350,000 requested in FY 1989?

Answer. During the past year, the Center has experienced some delay in the anticipated speed of meeting the federal endowment match. The delay related mainly to the transition period between the departure of the former Director and the selection of a new Director. Despite this difficult time, we anticipate that we will be able to report the successful completion of the initial match of $2,982,000 in advance of the September 30, 1988 deadline.

With the selection of a new Director, an active Endowment Committee of the Board of Trustees, and new Board members who already have given evidence of their strong support of the Center's endowment drive, we are confident that we will be successful in raising the second increment of the matching endowment fund well in advance of the stipulated date of September 30, 1990. We are most appreciative of the continued support of this Subcommittee, whose

initiative in establishing the Endowment Challenge Fund has been instrumental to our success in attracting private donors.

Question. What unobligated funds have been returned to the Treasury for Fiscal Years 1985, 1986, and 1987?

Answer. The following unobligated balances were returned to the Treasury in the past three years: FY 1985--$50,549; FY 1986--$9,246; FY 1987--$2,171.

Question. This question in no way suggests that the Center does not prudently spend its funds. However, what would be the Center's opinion of an arrangement whereby any unobligated funding remaining available at the end of a fiscal year would be authorized to be deposited into the Endowment Challenge Fund? It seems that such an arrangement would provide an incentive to husband your resource, as well as provide additional resources for the fund. How would you react to such a proposal?

Answer. The suggested arrangement reflects creative and innovative thinking, particularly in view of the continual possibility that committed fellowship monies will fail to become obligated due to withdrawal of an acceptance late in the fiscal year by a prospective fellow due to illness or unavoidable change of plans. When such withdrawals occur late in September, it typically is too late to make an alternate selection and the committed funds are returned to the Treasury.

In terms of providing an incentive for the Center to husband its resources, we would submit the Center's relatively small budget, some 90 percent of which is applied to the costs fellowships, staff, and routine office expenses, provides little flexibility for the creation of significant year-end balances other than for the serendipitous circumstances noted above. Therefore, although year-end balances are not apt to be large, we would welcome the ability to transfer them to the Endowment Challenge Fund as an addition to that fund's appropriation.

Question. I understand that your goal for the Fund is an endowment of $12 million, which would include $3 million in federal appropriations. If you had the entire $3 million available now, do you have an estimate of how long it would take to raise the $9 million match from private sources?

Answer. On the basis of an anticipated catalytic effect on our endowment fundraising efforts resulting from the selection of a new Director, the positive interest shown by the Board's Endowment Committee and by our new Board members, we would expect that the next phase of our endowment drive will proceed more rapidly than the initial phase which required three years to raise $3 million. We also believe that the appropriation of the balance of the federal support for an Endowment Challenge Fund, and the confidence of the Senate that such federal support would reflect, would provide a tremendous boost in our efforts to seek private contributions. Thus, we would estimate that the Center could raise a further $6 million privately with a $2 million federal appropriation within five years, or by September 30, 1993.

PUBLISHING PROGRAM

Question. What is the current policy of the Center regarding which positions should be supported by appropriated versus non-appropriated funds?

Answer. The policy of the Center is to support with appropriated funds the key administrative positions required for the functioning of this presidential memorial, including the program secretaries of the regional programs, the assistant directors for administration, fellowships and publishing (the latter positions is sought for FY 1989); the deputy and associate directors, and a secretary or assistant for each of these administrators. Also supported with appropriated funds are staff who provide essential services to our fellows (library, reception, duplication and supply, visas and travel, word processing and fellowship administration). Such federal support follows from our charter that empowers the Board of the Center to appoint and maintain scholars from the United States and abroad.

The regional program staffs required to plan and sustain our many meetings, to prepare reports, newsletters and occasional papers, and the

entire staff of The Wilson Quarterly are maintained by non-appropriated funds. A portion of the administrative and publishing staffs also are supported with the Center's non-appropriated trust monies.

We believe that this combination of functions and funds is appropriately derived from the language of our charter, and accurately reflects the partnership of federal and private support for which the Wilson Center stands.

PURCHASE OF COPIER MACHINE

Question. Last year the Subcommittee provided $51,000 for the purchase of a large copier machine. It was the Subcommittee's understanding that the maintenance agreement of the copier would cost approximately $500 per month, or $6,000 per year. Based on that one would have expected this year's budget to include a $45,000 decrease, since you would only require funds in FY 1989 for the maintenance agreement. However, your budget decreases by only $40,000. If my math is right, that leaves $11,000 for the maintenance agreement. Did the cost of the maintenance agreement increase from $6,000 to $11,000 per year?

Answer. Based on our experience to date, the maintenance agreement for the new XEROX 1090 copier machine has been costing $ 871 per month, which, on an annual basis, would translate into $ $10,450. The cost of the maintenance agreement is calculated on the basis of actual numbers of copies. At this time, we believe the $11,000 annual maintenance estimate to be reasonable, given experience to date and likely inflation in the cost of maintenance.

FEDERAL EMPLOYEES RETIREMENT SYSTEM (FERS) COSTS

Question. I understand that in FY 1988 the Congress appropriated $66,000 for your estimated costs of the Federal Employees Retirement System (FERS). In addition, it appears that you are asking for the same amount in FY 1989. Is that correct?

Answer. Yes, that is correct. The Center did not have sufficient experience with the new system at the time of the OMB budget submission in September to propose any adjustment.

Question. How many employees did you estimate would be covered by the FERS program in FY 1988 as part of the $66,000 request? How many are actually covered at this time?

Answer. We estimated that 10 employees would be covered by the FERS program in FY 1988 and 13 are actually covered at this time.

Question. What is your present estimate of FERS costs in FY 1988? How do you propose to use the excess funding appropriated in FY 1988?

Answer. Our present estimate of FERS costs in FY 1988 is $73,000; thus, there is a slight deficit.

Question. What is your best estimate of FY 1989 FERS costs?

Answer. We currently estimate that FERS costs in FY 1989 will approximate this year's estimate of $73,000.

ATTACHMENT A

PUBLISHING PROGRAM : ESTIMATED FY 1989 COSTS

and proposed Federal allocation as % of total

From Private Sources

$ 54,000 contractual (freelance) editing and proofreading

$135,000 three staff positions (managing book editor, newsletter editor, production manager salaries)

$160,000 Cambridge University Press annual contribution to costs of publishing six books/yr. in The Wilson Center Series (costs covered = manufacturing, promotion, and distribution)

$320,000 University Press of America, Inc., annual contribution to costs of publishing twelve books/yr. under the imprint of The Wilson Center Press (costs covered = manufacturing, promotion, and distribution)

From Federal Budget

$216,000 Costs covered = $23,000 contractual (freelance) editing and proofreading; $84,000 two staff positons -- assistant director for publishing and secretary/administrative assistant; $59,000 in related editorial and production costs of the program; and $50,000 production and dissemination of The Wilson Center Report.

TOTAL $885,000

Federal monies as % of total monies = 24.4%

SUBCOMMITTEE RECESS

Senator REID. Last, the subcommittee wishes to extend a special thanks to the Center. Yesterday, the subcommittee hired one of your research assistants, Laura Shannon Skripka, as a staff assistant. We are looking forward to having Shannon join us next week. The Center has obviously treated her well, and we appreciate that.

Mr. GIFFORD. Thank you very much.

Senator REID. The subcommittee stands in recess.

[Whereupon, at 11:05 a.m., Wednesday, March 30, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 31.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, MARCH 31, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Harry Reid presiding.

Present: Senators Reid, McClure, and Nickles.

DEPARTMENT OF ENERGY

EMERGENCY PREPAREDNESS PROGRAMS

STATEMENT OF DAVID B. WALLER, ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND ENERGY EMERGENCIES

ACCOMPANIED BY EDWARD B. BADOLATO, DEPUTY ASSISTANT SECRETARY FOR ENERGY EMERGENCIES

BUDGET REQUEST

Senator REID. The subcommittee will come to order. This is the time scheduled for the Interior and Related Agencies Subcommittee to review the 1989 budget estimates for energy emergency preparedness and the U.S. Geological Survey.

Mr. David Waller, Assistant Secretary for International Affairs and Energy Emergencies will be testifying this morning on behalf of the emergency preparedness programs.

The fiscal year 1989 budget requests for emergency preparedness is $6,154,000, which is a reduction of $18,000 from the 1988 appropriation.

Welcome, Mr. Waller. Your written statement will be inserted into the record. After introducing your associate who is with you here today, would you summarize your prepared remarks? And, then we will proceed to the questions.

It's our understanding that you have another engagement right away.

Mr. WALLER. Thank you, Mr. Chairman. Let me introduce Mr. Edward Badolato, who is the Deputy Assistant Secretary in charge of Energy Emergencies.

It is, of course, my pleasure to appear before you today in support of the President's budget proposal of, as you acknowledged, $6.15 million for fiscal year 1989 for the Office of Energy Emergencies.

The emergency preparedness program directs the Department's efforts to implement nonnuclear emergency preparedness strategies to meet our national priorities of energy stability, energy security, and energy strength. These national priorities are being met as a result of this administration's emphasis on strategic oil stocks, international cooperation, and the important recognition of the interrelationship of national security and energy emergency preparedness.

Consequently, the United States is better prepared than before to deter as well as to respond to any energy emergencies arising out of foreign oil disruptions or from domestic incidents involving our basic energy industries.

Consistent with our commitments to you last year, Mr. Chairman, we are continuing to improve departmental energy emergency preparedness capability and to ensure the reliability of our crisis management systems. In the final analysis, this is really our mission and responsibility.

And, I would like to tell you again this year that we take it very seriously.

I'm pleased to report that during fiscal year 1988, the Energy Emergency Preparedness Program has been taking decisive steps to substantially strengthen the Nation's ability to effectively respond to energy emergencies in order to ensure an adequate supply of energy at a reasonable cost.

We have tested an energy emergency management system to promote the Department's ability to respond to foreign or domestic energy emergencies. We have participated, along with other member countries of the IEA, in the first test of the International Energy Agency's coordinated emergency response measures. That is the so-called CERM test to promote the early coordinated stock draw in response to a supply disruption.

We are working through the Interagency Group on Energy Vulnerability to assess energy vulnerabilities, to evaluate relevant response options, and to analyze the impacts of emergency scenarios.

We developed a Cooperative Energy Vulnerability Assessment Program that we work with domestic energy industries to study their facilities, their security, and their restoration capacity.

We have revitalized the national defense executive reserves which augment the Department's energy crisis management staff during an emergency. And, we are developing international and domestic plans for the Department's participation in the sixth allocation systems test, the so-called AST–6 test, which will begin in October 1988.

Despite these achievements, we recognize the Department can ill afford to be complacent about energy emergency preparedness.

For the fiscal year 1989 budget, the Office of Energy Emergencies takes into account this recognition and provides the basis for what we think would be an even more effective program.

During fiscal year 1989, we will continue to emphasize five major energy emergency preparedness activities. Specifically, strategic petroleum reserve readiness, international cooperative response with our allies, defense mobilization preparedness, domestic energy emergency preparedness, and emergency management systems and procedures.

To fulfill these activities, the Office of Energy Emergencies will pursue, among other things, the following: We will conduct a variety of energy emergency preparedness tests and exercises, such as the AST–6 test which I referred to a moment ago, and the 1989 NATO WINTEX/CIMEX test, to allow us to continue to assess our approach to emergency planning operations and policy analysis.

We will increase our cooperative efforts with industry, including the North American Electric Reliability Council and the National Petroleum Council. And, through our National Defense Executive Reserve Program we will work to enhance national security emergency preparedness.

We will integrate the results from simulations and gaming exercises into a framework to improve energy emergency policy, strategy and decisionmaking. We will continue to improve the Department's energy emergency management system to coordinate Government preparation for and response to a wide range of potential energy emergencies.

And, we will continue to support the Interagency Group on Energy Vulnerability as well as other interagency activities and efforts to enhance our national security emergency preparedness capabilities.

In closing, I would simply like to note that I think the success of our program is due in large part to the professional and support staff that we have in this office. It's a relatively small office with a relatively small budget.

But, it is technically competent and it possesses the institutional knowledge and experience critical to the areas of energy resources, industry operations, market analysis, national security affairs, and crisis management.

PREPARED STATEMENT

That completes my statement, and I thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF DAVID B. WALLER

Mr. Chairman and members of the Subcommittee, it is my pleasure to appear before you today in support of the President's budget proposal of $6.15 million for FY 1989 for the Office of Energy Emergencies.

The budget for the Office of Energy Emergencies is designed to support the national energy policy goal of fostering an adequate and secure supply of energy to the country at a reasonable cost. This means sufficient energy supplies to meet our short and long-term needs without undue dependence on insecure sources or on any single source of supply.

To help achieve this goal, the Energy Emergency Preparedness Program seeks to promote energy stability, security and strength through an energy emergency response system that would:

- o reduce the Nation's vulnerability to energy supply disruptions; and
- o enhance our ability to minimize domestic consequences should a disruption occur.

As a key element of energy emergency preparedness, the Program supports policies, programs and procedures for:

- o responding to a full spectrum of energy emergencies encompassing oil, electricity, natural gas and coal;
- o drawing down and distributing the Strategic Petroleum Reserve (SPR);
- o fulfilling commitments to the International Energy Agency (IEA), the North Atlantic Treaty Organization (NATO), and other allies;
- o assuring Congress, states, localities, and the public of timely, accurate information, analyses and assessments about an energy emergency, both foreign and domestic, as they develop;
- o coordinating Federal energy actions through the Federal Emergency Management Agency (FEMA) with states, localities and industry during a domestic energy emergency;
- o ensuring that the Nation has sufficient energy supplies to meet defense and other vital national needs during peacetime and mobilization periods;
- o ensuring that U.S. energy emergency responses, should they be necessary, are based on the best possible assessment of the energy situation;
- o ensuring response readiness through contingency planning activi ties, training and exercises including participation in IEA, NATO and other civilian and military exercises; and
- o ensuring the performance of the Department's essential functions in the event of war.

The Emergency Preparedness Program provides the Department with a cadre of trained professionals with institutional knowledge and experience in critical energy resources (i.e., petroleum, natural gas, electricity and coal), industry operations, market analysis, national security affairs, and crisis management. They are supported by the latest analytical tools, and in an energy emergency, this cadre can be augmented by other Departmental staff and interagency efforts.

FY 1988 ENERGY EMERGENCIES PROGRAM

During FY 1988, the Office of Energy Emergencies will continue to assess energy vulnerabilities and to develop policies and programs to address those of significant risk to the Nation's security. We will be examining policies and measures to reduce vulnerabilities, preempt emergency occurrences, mitigate impacts if they do occur and restore normal operations.

These activities include:

- o expanding analyses of long-term energy issues that impact directly on energy emergency preparedness, the implications for U.S. energy vulnerability, and the adequacy of present Federal energy emergency policies and initiatives;

- o continued refinement of the Department's Energy Emergency Management System (EEMS) structure and process based on the conduct and evaluation of a comprehensive Department-wide test of the system (e.g., ESPRIT) to ensure readiness of the energy emergency decisionmaking and response implementation process;

- o supporting international energy security programs including those at the IEA and NATO. For NATO, activities include:

  -- continued recruitment and training of industry and government experts to fulfill functions of the NATO Wartime Oil Organization (NWOO); refinement of plans and procedures for operation of the NWOO-West at its wartime relocation site in the U.S.; government representation and technical support for participation in NATO civil emergency planning groups; and participation in NATO petroleum logistics exercises.

  For the IEA, activities include:

  -- development of coordinated stock drawdown procedures and conduct of a Coordinated Emergency Response Measures (CERM) test to evaluate these procedures and follow-up on lessons learned; provide government representation and technical support for participation in the policy and planning activities of the IEA Standing Committee on Emergency Questions (SEQ); development of international and domestic plans for participation in AST-6; and complete third round of IEA emergency program reviews.

- o planning for DOE participation in interagency civilian readiness, continuity of government, and defense-related exercises to ensure the readiness of systems, procedures and staff for various energy emergencies;

- o continued monitoring of the energy situation and potential energy risks; developing risk analysis methods and data bases as needed; and updating and improving emergency response measures;

- o conducting technical energy studies of national security issues, including studies in response to National Security Council classified defense energy taskings;

- o planning for DOE participation in interagency civilian readiness, continuity of government, and defense-related exercises;

- o continued refinement of Defense Production Act (DPA) procedures to respond to Federal agency requests for energy resources during national security emergencies based on lessons learned from test and exercise program; further define energy requirements for mobilization during a national defense emergency;

- o improvement of data analysis capabilities for emergency management with new or improved computer support tools (e.g. Decision Support System expanded database, microcomputer based communications network);

- o recruitment and training of new Executive Manpower Reservists to ensure that an effective National Defense Executive Reserve (NDER) Program will be available to augment DOE staff with industrial experts in a national emergency; integrate NDER's and DOE field elements into continuity of government sector teams and conduct team training; and

- o maintenance of an operational capability to respond to energy emergencies and to carry out continuity of government responsibilities by developing special energy data bases; conducting staff training; participating in readiness exercises; maintaining support facilities; and enhancing coordination links to States, DOE Regions and selected NDER's.

FY 1989 EMERGENCY PREPAREDNESS BUDGET REQUEST

The FY 1989 budget request for the Office of Energy Emergencies is $6.15 million, a slight decline from the FY 1988 appropriation. A summary follows:

($ in thousands)

	FY 1988 Appropriation	FY 1989 Request
Emergency Planning	$ 450	$ 450
Emergency Operation	368	368
Program Direction	5,354	5,336
Total Operating Expenses	$ 6,172	$ 6,154

During FY 1989, we will continue to emphasize energy emergency preparedness activities both internationally and domestically. A variety of energy emergency preparedness tests and exercises, e.g., AST-6 and WINTEX/CIMEX-89, will allow us to assess our approach to emergency planning, operations, and policy analysis, while identifying and assessing those areas that require new programs or procedures or priority attention by the Executive and Legislative branches of Government. We will continue to develop in-house expertise for planning, operations, and policy analysis and evaluation activities as the most effective strategy for accomplishing energy emergency objectives. This approach maintains a relatively senior, experienced, and well-trained cadre of energy experts who can be quickly augmented by other personnel in an energy emergency.

We will continue to support the Interagency Group on Energy Vulnerability (IG-EV), as well as support for other interagency efforts associated with National Security Emergency Preparedness (e.g., National Mobilization and Telecommunications). This involves providing a Secretariat to support the Chairmanship of the IG-EV, supporting staff membership, and the coordination of supporting studies for the subgroups.

We will examine the impacts of actual or prospective disruptions to energy systems, (e.g., electric transmission lines, petroleum and natural gas distribution networks) and alternative responses to such disruptions. We will assess national security and other critical energy needs, and how to meet these needs. We will examine alternative ways to mitigate and respond to such threats. These activities will emphasize the identification, analysis, and systematic assessment of threats -- both foreign and domestic -- to our energy security. This will require close coordination with industry organizations and other elements within the Federal Government concerned with domestic and foreign threat assessment.

We will be responsible for developing, implementing, testing, and evaluating Departmental energy emergency preparedness policies, plans, and operations (with the exception of nuclear-related accidents). These activities, in collaboration with other Departmental elements, will include planning to increase U.S. preparedness and reduce our vulnerability, testing of emergency response capabilities to include public information programs; and providing for effective use of resources such as the SPR.

We will increase our cooperative efforts with industry to enhance national security emergency preparedness. These efforts will address specific changes in facilities, operational protocols, enhancement of the NDER Program, and working relationships with energy industry organizations such as the North American Electric Reliability Council and the National Petroleum Council.

We will continue to provide managerial oversight of a DOE National Laboratory Council on Energy Security to bring together the energy emergency efforts of DOE's technical experts.

The Program will involve efforts to ensure U.S. capability to meet our international commitments to the IEA, NATO, and other strategic allies. These efforts will include participation in IEA and NATO civil emergency preparedness activities. IEA activities will also include participation in the AST-6 exercise. During FY 1989, we will also conduct a NATO-wide exercise, WINTEX/CIMEX-89, at various wartime relocation sites.

During periodic tests and exercises, we will obtain and interpret information on expected market operations to assess the impact of events on supply availability, the U.S. economy, trade policy, and national security. Such assessments and other analyses will be prepared for actual emergency situations which may arise, and will be disseminated to States, local governments, and the general public as part of the Federal Government's emergency response. Essential to these efforts will be the maintenance of various automated energy data systems.

We will integrate simulations, exercises and gaming into a framework focusing attention on energy emergency policy, strategy and decision-making. This effort will concentrate on larger issues involved in energy emergencies as well as the important modeling techniques necessary to evaluate energy assumptions, methodologies and projections.

The Office will develop, implement, and enhance systems for ensuring the efficient operation of the Department's energy emergency response policies and programs prior to and during emergencies. We will conduct assessments of the national security and defense implications of energy emergency preparedness and response policies and programs through coordination with other U.S. agencies and participation in classified national defense tests and exercises. This will involve conducting technical studies and analyses in support of National Security Council-mandated classified defense energy taskings to reduce U.S. vulnerability to disruptions from terrorist attack, sabotage, or other emergency events. A major objective is to ensure our ability to effectively use available energy supplies. These assessments will also consider use of the DPA in the event of a national defense emergency or military mobilization.

We will continue a major effort to fine-tune and maintain the EEMS process to coordinate government preparation for, and response to, a wide range of potential energy emergencies. During FY 1989, activities will focus on the conduct of periodic exercises, e.g., WINTEX/CIMEX-89, to test and refine EEMS capabilities (i.e., incorporate energy emergency assessments; development of alternative response strategies; presentations for secretarial decisionmaking; and implementation of coordinated responses) and augment associated analytical and decision support systems.

EMERGENCY PLANNING

The FY 1989 budget request for Emergency Planning is $450,000 - the same level as the FY 1988 appropriation. The request provides contract assistance needed to:

o support the preparation and conduct of emergency preparedness tests and exercises, including WINTEX/CIMEX-89, AST-6, GLOBEX, REX-88 BRAVO and EEMS. Through this activity, emergency management processess will be developed and refined to augment in-house staff and provide assistance in performing evaluation and follow-up activities, enhance data analysis capabilities; support classified energy security tasks and domestic energy security vulnerability-related issues; conduct further analysis of defense energy requirements; support review of the NATO infrastructure and its implications for U.S. national security emergency preparedness; and support national security analyses for FEMA Special Compartmented Programs (these tasks are required by Presidential Directives and require major analytical efforts that involve modeling and simulation of defense energy requirements in the event of mobilization and other defense-related activities).

EMERGENCY OPERATIONS

The FY 1989 request for Emergency Operations is $368,000 - the same level as the FY 1988 appropriation. The request provides necessary contract support to maintain automated information services that involve specialized computer programming and data services for modeling and impact analyses of classified scenarios or emerging threat conditions; to continue electronic mail service to support information exchange with State and local governments, DOE Operations Offices, and key elements of the private sector, e.g., DOE Executive Reservists, in energy emergencies and in conduct of unclassified exercises; to continue commercial timesharing services from industry sources; and to fund Automated Office Support System (AOSS) requirements.

PROGRAM DIRECTION

The FY 1989 request for Program Direction is $5,336,000 - a decrease of $18,000 from the FY 1988 appropriation. The request provides for salaries and administrative overhead (e.g., rent) and telecommunications costs. The Energy Emergency Preparedness Program reimburses the Office of the Assistant Secretary for Management and Administration for these overhead costs. This budget request would maintain the Energy Emergency Preparedness Program at 71 FTE's.

This concludes my formal statement on our FY 1989 budget request. I will be pleased to answer any questions you may have.

LIQUID FUEL CRISIS

Senator REID. Mr. Waller, it seems that things don't change that much, in that our Achilles' heel still appears to be our dependence on liquid fuels and the transportation system.

What options does the United States have to combat our basic vulnerability especially in the early stages of a liquid fuel crisis?

Mr. WALLER. I think the centerpiece of our response to a liquid fuel crisis is, of course, relying on market forces as opposed to relying on allocation and price controls that our Government was using in the period of the seventies. And, we would then supplement the operations of the market with I think the impressive 544 million barrels of oil stored in the strategic petroleum reserve.

Senator REID. How long would that last?

Mr. WALLER. That would last roughly 100 days—the equivalent of 100 days of net imports. But, that is if all of our imports were to terminate.

And, given that our biggest suppliers today are Canada, Mexico, Venezuela, and other relatively secure supply sources, the likelihood of all of our imports being terminated I think is zero.

If I could continue for just a minute on that point, Senator, we would also supplement the market by providing a good deal of dialog with industry, doing a good deal of market analysis and disseminating the information. One of the lessons that I think was learned from the seventies, both in the 1973 and 1974 crisis and the 1979 crisis, is that the consumers were operating with a lack of information. And, that only exacerbated the situation.

Senator REID. Would we be sharing any of that reserve with our allies?

Mr. WALLER. We are signatories to the International Energy Program of the IEA which includes, in its emergency response measures, an oil sharing system.

Having said that, the last time the system was tested, which was the so-called AST–5 test, the results of the hypothetical scenario there, which was a Persian Gulf cutoff, was that the United States did not have an allocation obligation to share any of its oil with Europe and would, indeed, have the right to receive oil from some other member countries.

I would also say that in the time period since the signing of the International Energy Program back in 1974, particularly in the 1980's and during the current administration, there has been great emphasis by the United States on the coordinated drawdown of stocks, coordinating our strategic petroleum reserve drawdown with the drawdown of stocks that other members of the 21-member IEA have put into storage.

So, we would continue to push the concept of the first response being a coordinated stockdraw with the likelihood of, we think, not really getting to the need for any kind of oil sharing. And, we have comfort in the fact, as I said, the last time the oil sharing system was tested that it did not result in U.S. oil going overseas.

Senator REID. Senator Nickles, we are just finalizing the hearing today as it relates to the Energy Emergency Preparedness Agency.

Do you have any questions that you wish to ask?

RESERVES IN OTHER COUNTRIES

Senator NICKLES. Just a couple for Mr. Waller. You mentioned the IEA and the agreements that we have.

I've always had some concern about that. You mentioned 21-member countries. What other—of those 21-member countries, do all those countries have reserves that could be drawn from?

Mr. WALLER. They, of course, vary, Senator, from country to country. But, virtually all of the 21-member countries have fulfilled their obliga-

tion under the International Energy Program to stockpile 90 days of reserves—90 days equivalent of net imports.

And that, of course, varies considerably from country to country. There are three member countries, for example, Norway—I believe it's four, Norway, Australia, Canada, and the United Kingdom, that are net oil exporters at the present time and, therefore, do not have a stockpiling requirement, because they have no net imports.

Nonetheless, those countries do have stockpiling requirements under an EC agreement, and so they do have some stocks. But, the other countries vary from country to country in terms of how many stocks they have.

The Japanese, for example, have very impressive stocks, as do the Germans. And, as I've said, it varies country to country.

Senator REID. Would the Senator yield?

Senator NICKLES. Yes.

Senator REID. How impressive are the stocks of Japan and West Germany?

Mr. WALLER. I think Japan currently has 161 days of net imports if I remember correctly.

The positive development in Germany is that they are putting their stocks into government control and increasing their fill rate. We have been pushing to have the stocks be either government-owned or have sufficient legal authority so that if needed the stocks can be quickly drawn down at government direction.

We had some concern that purely commercial stocks might not be adequately controlled by the government in the case of an emergency. So, we have been pleased with these kinds of developments.

Senator NICKLES. Let me follow up on that. When you are talking about their stocks, you are not always talking about government-owned stocks. You are talking about private reserves or reserves that individual refineries would have?

Mr. WALLER. The requirement under the International Energy Program of the IEA does not require that the stocks be government-owned.

Having said that, however, at the recent Ministerial meeting in May 1987 where Secretary Harrington represented the United States, there was a political commitment made by the Ministers essentially recognizing the advantages of having stocks either government-owned or government-controlled.

So, I think the movement, Senator, is certainly in the right direction.

Senator NICKLES. Is a significant portion of Japan's government-owned?

Mr. WALLER. Government-controlled.

Senator NICKLES. In other words, they would confiscate or dictate or control?

Mr. WALLER. I think direct would be the correct word.

Senator NICKLES. Do you consider that we have Government control over private stocks in this country?

Mr. WALLER. Well, of course, we have our strategic petroleum reserve——

Senator NICKLES. I know we have that. I'm talking about private reserves.

Mr. WALLER. In addition to that, we frankly have not had to focus greatly on our commercial stocks because we have the most by far of strategic stocks of any country.

Senator NICKLES. You mentioned the oil sharing. If we get into a curtailment—and you mentioned the one episode or one scenario of the last test or something. Was that a curtailment of all Middle East oil?

Mr. WALLER. I don't remember, Senator. It was done in 1985.

Mr. BADOLATO. It was a very large curtailment of Persian Gulf——

Senator NICKLES. Two million barrels a day?

Mr. WALLER. I think it was more than that.

Senator NICKLES. I'm just wondering, when we get into oil sharing I think—I don't know if you would concur with this, but I think that we are going to be importing gross imports. And, in probably 3 years we will be at 50 percent; and, probably in about 8 years we will probably be at 60 percent.

And, I have a hard time seeing how we are going to be sharing in 1995 if we are importing 60 percent of our oil needs. I think we are going to be in a hell of a bind.

And, I personally as a taxpayer, and much less as a Senator, am going to be objecting strenuously to us being in a hell of a curtailment scenario and trying to share at the same time.

Mr. WALLER. Well, I think, Senator, as our imports would increase the likelihood of us sending oil overseas would decrease. As we become more import-dependent, our obligation under the complicated formula to determine which countries are entitled to receive oil and which ones should be sharing their oil, the outcome of that would be more in favor of us receiving oil as our import level increases.

So, there is that built-in protection there.

Senator NICKLES. It has been 3 years since I've looked at the IEA, and I may look at it again, but I'm thinking we had some hearings or something in the Energy Committee some time ago that dwelled on our commitments under the IEA. And, they just looked to me to be—I'm going to say punitive to a country that is being responsive and trying to develop alternative sources, nuclear power, et cetera and maybe would reward those countries that were less vigilent.

Mr. WALLER. I think you should take some comfort, Senator, in the direction that the agency has been moving since perhaps the hearings to which you are referring.

And, I again refer to the fact that there has been much greater emphasis on the concept of coordinated stockdraw and much less on the concept of oil sharing, although we remain committed to that.

Senator NICKLES. Well, we have signed a treaty.

Mr. WALLER. An executive agreement, that's correct.

Senator NICKLES. And, so we have an obligation that we really would be hard-pressed to get out of if there is really a significant curtailment.

Mr. WALLER. The concept is that when we draw down early and in significant quantities in coordination with the drawdown of the other countries that you would be essentially replacing the oil that had been cut off and then you would not need to get to an oil sharing situation.

That whole concept was recently tested in the so-called CERM test to which I referred in an opening statement, coordinated emergency response measures. It was conducted between mid-January and mid-February of this year.

And, all of the member countries of the IEA participated and tested their own internal procedures for the drawdown of their stocks. I think that is indicative of the emphasis that the agency has been putting on that with U.S. backing, I might add, in recent years.

Senator NICKLES. Thank you. Thank you, Mr. Chairman.

STRATEGIC PETROLEUM RESERVE

Senator REID. One last question. It's my understanding that the administration is considering options to expand the strategic petroleum reserve beyond the planned 750 million barrel capacity.

Do you know anything about that?

Mr. WALLER. No; the President made the commitment to 750 million barrels in the summer of 1986 I believe. And, I am unaware of any policy to increase it beyond that other than simply in the general sense that more is better when it comes to the strategic petroleum reserve.

Senator REID. If there isn't a policy, do you know if anyone is looking at the options to increase this?

Mr. WALLER. I think the concept of a 1 billion barrel strategic petroleum reserve is certainly attractive, and it's one that we are always I think looking at as a potential.

But, I have not seen, Mr. Chairman, anything to make a policy decision on that.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. We have a series of written questions that we will submit to you. And, we would appreciate your responding to those at your earliest convenience.

Mr. WALLER. I will be glad to.

Senator REID. Thank you very much for your attendance here today.

Mr. WALLER. Thank you, Mr. Chairman, Senator.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Essential Energy Emergencies Activities Funding Level

Question: Your budget is essentially a level request from the current year. Is there any activity which will be precluded at the request level?

Answer: The Office of Energy Emergencies will be able to accomplish its essential energy emergency activities at the requested funding level. While the funding has remained essentially level, this office has been able to successfully reprioritize certain program activities in order to more effectively allocate and target the available manpower and budget resources. Additionally, the Department's energy emergency preparedness program has benefited significantly from recent initiatives in office automation and data computerization that has enabled an enhancement of specific programmatic activities without requiring additional resources.

Domestic Energy Vulnerability

Question: One of your principal tasks is the analysis of long-term issues related to our domestic energy vulnerability. Would you identify some of these long-term issues which you will be examining this year and next?

Answer: The major thrust of our work in energy vulnerability is to support national security emergency preparedness. To be most effective, therefore, we first must understand the complex linkage(s) between energy and national security and then assure that the necessary emergency preparedness steps are taken for those energy systems or facilities considered to be most critical. Recognizing that it is probably infeasible and certainly impractical to make energy systems completely invulnerable to attack, it is imperative that we have effective emergency response plans and procedures in place to guide recovery from a disruption and that we have access to a staff of emergency personnel well-trained in their use at all levels of government (i.e., Federal, state, local) and in private industry.

With this as a very brief perspective on our energy vulnerability work, three issues and related projects are described below to serve as an indication of some of our upcoming agenda.

Issue. What are the important linkages between energy and national security?

Our society depends on a reliable and affordable supply of energy for most, if not all, of its activities. However, in terms of national security, energy assumes additional importance as a function of its national security uses.

This project, being done under the auspices of our Interagency Group on Energy Vulnerability which I chair, will identify government and then industry end-uses and end-users considered to be essential for national security.

Issue. What vulnerability standards should apply to energy systems which are found to serve essential end-uses/end-users?

The majority of the energy systems which serve our society are owned and operated by private industry. As business enterprises, these corporate entities are bound by a set of incentives which feature, first, service to their customers and, second, financial rewards to their rate-payers or stockholders. These companies have achieved an enviable record of reliable service and are proud of their independence to run their businesses in accordance with business incentives. However, national security is not a business objective for which they plan. If national security objectives would require a higher standard of preparedness on their systems, these higher-level standards must be defined and implementation measures developed. Again, the Interagency Group on Energy Vulnerability is considered to be the proper forum for these activities.

Issue. Do we have an effective and efficient emergency response capability?

Just as there is a broad spectrum of energy emergencies, there are numerous agents and agencies already in place to deal with them. Industry, itself, handles most of these and is proud of its autonomy to do so. As the scope of a potential emergency expands, it may become appropriate for local or state emergency personnel to join with industry personnel to cope with and recover from its effects. If the scope becomes larger still, it may become necessary for the Federal Government to join the recovery team. In this mitigation and recovery continuum, it is important that the individual players understand their roles and the measures available to them and that sufficient prior coordination and training has been accomplished to assure compatibility and efficiency.

The Office of Energy Emergencies has embarked on a program of industry outreach and state and local emergency liaison and training to assure that plans and programs exist and are well understood by the people who will be responsible for their execution. This program consists of a series of regional seminars where Federal and state energy emergency officials interact on topics of mutual interest. This series, launched this year, is expected to become a permanent forum of which energy emergency issues will be discussed and differences between the states and between states and the Federal Government will be narrowed. The industry aspects of this program involve both direct contacts with industry on vulnerability mitigation activities and the Department of Energy's National Defense Executive Reserve.

Liquid Fuels Vulnerability

Question: Clearly, our Achilles heel continues to be the overwhelming dependence on liquid fuels in the transportation sector. Our energy costs for liquid fuels, whether from oil or synthetics, is simply much higher than OPEC's cost of oil production. Aside from the Strategic Petroleum Reserve, what options does the United States have to combat our basic vulnerability in the early stages of a liquid fuels crisis?

Answer: Almost continuously since 1973 the Department of Energy and its organizational predecessors have been assessing various alternatives to contemporary gasoline and diesel fuels for all modes of transportation. These assessments have considered resource availability, the state of processing technologies, vehicle requirements, the range of likely costs, and the infrastructure needed to support general use. Extensive programs of research, development, and demonstration have advanced the state of knowledge concerning alternative transportation fuels. As of now, certain energy sources seem to be suitable substitutes for some specialized uses while other energy sources will require considerably more research and development to achieve suitable end-use technical performance, processing economics, or both.

The most powerful response to sharp price increases that resulted from supply interruptions would be to draw on the Strategic Petroleum Reserve and the similar emergency stocks in other countries. However, this could mitigate economic problems only in the short term.

If events suggested that disturbingly higher prices were apt to persist for a long time, the healthiest economic responses would be either to increase oil production outside of OPEC or to reduce worldwide demand for oil; and, if such a situation developed, both reactions would probably occur in response to market forces.

Disruption Scenarios and the Strategic Petroleum Reserve

Question: Have you examined recently the value of oil in the Strategic Petroleum Reserve during various disruption scenarios?

Answer: The value of oil in the Strategic Petroleum Reserve during various disruption scenarios is periodically analyzed in classified Executive Branch studies that are produced by the Database and Projections Subgroup of the

Interagency Group on Energy Vulnerability. These studies include current scenario assessments and impact analyses and are updated semi-annually. Because of the manner in which the specific scenarios have been developed, a meaningful discussion of these scenarios, including the economic benefits of drawing down the Strategic Petroleum Reserve, is not possible in an unclassified forum. A classified briefing can be provided to the Committee if specific details of these studies are requested.

Strategic Petroleum Reserve Size

Question: At what size do you believe the benefits and the costs of the Strategic Petroleum Reserve balance out and what assumptions are you making about oil prices, and risks, etc.?

Answer: The Administration is currently planning on filling the Strategic Petroleum Reserve to 750 million barrels. The matter of SPR size has been periodically reviewed in light of changes in import levels and patterns, world energy mix, and realism of risk assessments. These analyses have all concluded that a 750 million barrel reserve is a cost-effective stockpile under a wide range of circumstances.

Strategic Petroleum Reserve Drawdown

Question: I understand that you are the principal person who would make the recommendation to the President for a distribution of Strategic Petroleum Reserve oil in the event of an emergency. What criteria have you established for a drawdown recommendation?

Answer: The recommendation to the President for a distribution of Strategic Petroleum Reserve Oil in the event of an emergency will be made by the Secretary of Energy. The DOE Energy Emergency Management System (EEMS) will be activated and the Energy Emergency Management Team (EEMT), utilizing the professional resources of the Department, will develop situation analyses and response options in support of the Secretary's decisionmaking.

A SPR drawdown recommendation must be supported by a finding that a "severe energy supply interruption" exists since such a Presidential finding is required by law. The Energy Policy and Conservation Act defines a severe energy supply interruption as:

> "a national energy supply shortage which the President determines - (A) is, or is likely to be of significant scope and duration, and of an emergency nature; (B) may cause major adverse impact on national safety or the national economy; and (C) results, or is likely to result, from an interruption in the supply of imported petroleum products, or from sabotage or an act of God."

Adaptive decisionmaking has always been a part of SPR use determination because of the uncertainties involved in drawdown strategy. These uncertainties concern the length and depth of the disruption, the behavior of producing and consuming nations (particularly with respect to coordinated stockdraw by IEA nations), the behavior of the oil market, as well as the impacts that SPR drawdown along with other responses may have on the market. Another source of uncertainty follows from the fact that the drawdown decision for a given sales period will be made in advance of physical drawdown (to allow time for contracting arrangements). This aspect of the decision environment places a premium on anticipating the processes of disrupted petroleum markets and the impacts that SPR drawdown events are likely to make upon these market processes. The strategy employed in announcing an SPR drawdown, once a development schedule has been decided upon, can also have considerable influence on the market.

These uncertainties make predetermined quantitative "triggers" in terms of price or shortfall amounts ill-advised.

Hydroelectricity Importing from Canada

Question: One of your responsibilities is to monitor electric system reliability. Do the increasing imports of hydroelectricity from Canada pose any reliability concerns?

Answer: On a national level, only about 1.5 percent of our electricity requirements are provided by imported electricity. While it is true that at the regional level imports represent a greater percentage of electricity requirements (12 percent in New York State in 1986), utilities are choosing imported electricity as a supply option only when it appears to be the most economical choice. Furthermore, Canada, the United States principal source of imported electricity, is a politically stable and technically reliable supplier which only exports energy officially designated as surplus to Canadian needs.

In addition, all major Canadian electric utilities are members of the North American Electric Reliability Council (NERC). NERC is made up of nine regional reliability councils (Canadian utilities are also members) which establish common reliability criteria that all member utilities must comply with. This means that Canadian utility systems generally are designed and operated with the same reliability standards as U.S. utilities.

In the past, the Hydro-Quebec system has experienced a number of significant large-scale power outages which have prompted concerns about the reliability of imports from Hydro-Quebec. In response to these concerns, Hydro-Quebec in conjunction with utilities in the United States has developed an operating procedure which will largely prevent interruptions of exports to the United States even under the most catastrophic failures on the Hydro-Quebec system. This operating procedure was developed and evaluated by U.S. and Canadian utilities in three regional reliability councils.

Emission Control Legislation

Question: One of the principal concerns before the Congress these days is the purported degradation of environmental quality by electric power generation and numerous other sources. Have you reviewed the various emission control bills pending in Congress for their impact on overall electric system operations?

Answer: The Department of Energy, as well as many other interests, have analyzed impacts of various legislative proposals to reduce sulfur and nitrogen emissions from both the utility and industrial sectors. Much of this analysis has been directed at the resulting increases in electric rates should such an additional environmental program be enacted. These rate increases are estimated to be as high as 20 percent in some states.

Question: Would these bills increase our domestic vulnerability?

Answer: The increased cost to retrofit added controls onto existing coal-and oil-fired power plants can increase domestic vulnerability in five ways:

° The required retrofits both use added energy plus continued use of less efficient technologies, boosting energy costs.

° Added capital costs for retrofits reduce capital availability for new facility investment or investment in repowering applications using innovative technologies.

° Added regulatory requirements on older plants are believed likely to reduce the electric power industry's willingness to adopt innovative, more efficient technologies in both repowering applications and as new facilities to meet added demand.

° The reluctance of utilities to use innovative coal-fired technologies would reduce the potential for the innovative technologies to compete successfully in world markets. This would reduce growth in both technology exports and U.S. coal exports.

° Utilities may increase use of oil-fired facilities, increasing oil imports, rather than retrofit some coal-fired facilities.

Question: Might they increase imports?

Answer: The lower capital investment required to burn oil and gas, as compared to coal, could result in a major increase in the electric power industry's use of oil and gas, placing upward pressure on oil and gas consumption, prices and imports. If, for example, new capacity required in the year 2000 is met primarily with fluid fuels, oil and gas consumption would increase by 2.5 million barrels per day of oil equivalent. Apart from potentially and artificially enhancing the attractiveness of oil and gas for new capacity, the "acid rain" bills could result in some fuel switching at unknown levels from coal to oil and gas in existing units, also increasing the demand for oil imports.

Electric Power System Reliability

Question: The Federal Energy Regulatory Commission (FERC) is presently considering an order to deregulate the electric power industry. What implications does this order have for electric power system reliability and for a shift away from our most plentiful domestic fuel, coal?

Answer: It would be inaccurate to characterize the FERC's three recent Notices of Proposed Rulemaking (NOPR's) as an order to deregulate the electric power industry. Two of the notices aim at lowering the cost of power provided under the Public Utilities Regulatory Policy Act (PURPA). The first does so by clarifying that rates for PURPA power should not exceed the utility's true avoided cost. The second NOPR aims to reduce costs by setting up a mechanism for competitive bidding among third party power producers. The third NOPR would reduce regulatory requirements pertaining to independent power producers (IPP's), which are defined as power producers without demonstrable market power (including utilities that wish to bid outside of their service territories). Although it is possible to view the proposed rule on IPP's as a movement toward deregulation of new electric power generation, it clearly does not provide for full deregulation of power production. Existing utility service franchises, along with rate-of-return regulation for existing utility-owned generating capacity, would be retained. Access to transmission services would continue to be provided on a voluntary basis. Utility customers would continue to be served by their traditional utilities.

In view of the limited nature of FERC's proposed rules, it seems unlikely that the rules would have a significant impact on the reliability of the electric power system. As customers would still be unable to shop on the grid without the voluntary agreement of their native utilities to provide transmission services, the ability of utilities to plan for a stable transmission system would remain unimpeded. Suppliers bidding to fill needs for power specified by the utilities would be evaluated based upon criteria approved by individual states. Where appropriate, these criteria will presumably include the potential impact that proposed units would have on the reliability of system operation. Finally, the incentive to preserve the enormous investment in the electric grid should ensure that all parties continue to do what is necessary to keep the electric transmission system functioning in a stable and reliable fashion.

There is no reason to expect that FERC's proposed rules would promote a shift away from our abundant coal supplies as a fuel source for electric power production. Indeed, by expanding the scope of competition beyond small power production and cogeneration facilities, the NOPR's can be expected to enhance the competitive prospects of coal-fired power, which is generally produced in larger units. Particularly, given the strides that are being made through the

Nation's $2.5 billion program to develop clean coal technology, we can expect that independent power producers under the third NOPR would offer coal-fired power on the market wherever it is economically competitive.

Question: Do you see this order as potentially making the United States more or less vulnerable from a systems standpoint and from an imports standpoint?

Answer: It does not appear likely that the FERC initiatives would make us more vulnerable to imports via increased reliance on foreign oil. On the contrary, by expanding the range of options that may be supplied on a marketlike basis, these initiatives should help limit our oil consumption and enhance the Nation's security.

Energy Information Administration's Data Collection Role

Question: The FY 1989 budget request for the Energy Information Adminstration (EIA) includes a new data collection effort aimed at supply and consumption in the market economies. One of the hallmarks of this Administration's emergency planning philosophy has been its complete faith in the ability of the free market to deal appropriately with energy distribution during a crisis. However, here we find the EIA collecting consumption data. I presume this information is being collected for your organization. Is that correct? Does this new data collection effort represent a philosophical shift on the part of the Administration?

Answer: The Office of Energy Emergencies (EE) is the focal point of emergency response of the Department. It receives significant support from the Energy Information Administration and works closely with EIA in helping to develop and expand current data collection and analysis efforts to ensure the availability of sufficient data for our analysis and management requirements.

This increase in funding is not for new energy consumption data collection nor is it the result of any new philosophy or contingency planning strategy by the Administration. The Administration, of course, supports energy conservation that is cost effective and that policy is working; the economy today is about 25 percent larger than 10 years ago, but we use roughly the same amount of energy. Rather than a new strategy, it is an effort to incorporate supply data gathered from various international sources into EIA analyses such as those published in the annual International Energy Outlook.

As you appreciate, people often look at the level of U.S. imports to assess U.S. vulnerability but clearly this is misleading, as DOE has pointed out many times, since the United States is a world power and must be concerned about the worldwide energy situation.

The need to look at U.S. energy markets as part of world energy markets needs more attention. Since the United States is unavoidably involved in world energy markets, U.S. energy interests do not stop at the water's edge. We need to deal with this important reality and understand what is happening in these markets. Recent energy debate has been dominated by issues related to world oil prices, increased oil imports into the United States, worldwide refinery developments, and electrical generation capacity. Projected declines in Free World energy supply, increased energy demands, and upward pressures on world oil prices are expected to have a major influence on both domestic energy prices and on our ability to meet civilian and military fuel requirements under emergency or national security conditions.

EIA has embarked upon three new projects to help understand the U.S. role in the world energy market. The first is a plan to fully develop and implement an international refinery capacity model. This will expand our worldwide refinery analysis capability and directly support EE's own contingency analysis efforts. Secondly, EIA plans to expand the International Energy Outlook publication to include assessments of energy supply, demand, and trade in centrally planned economies, including country-level energy projections by fuel type. The energy demands used in these assessments are disappearances from primary supplies rather than actual consumption data by end use category. Such

an expansion would greatly increase the publication's value to EE. Thirdly, EIA plans to design and establish an international electricity data base including new plant additions, fuel requirements, fuel-switching capability, and generation capacity. These projects will significantly enhance our ability to assess the impact of market developments such as price changes in primary fuels and changes in the availability of various fuels. The data base will also increase the utility of the EIA electricity demand projections published in the International Energy Outlook.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Emergency Preparedness

Question: This year's justification indicates that, during FY 89, you will "continue to perfect the Department's energy emergency management posture through a test and exercise program which will ensure the readiness of systems, procedures and staff for all kinds of energy emergencies." Can you explain this test and exercise program?

Answer: The Department of Energy's emergency test and exercise program is designed to test procedures for responding to domestic and international energy emergencies and to identify areas where energy emergency program improvements are necessary. In addition, the program seeks to prepare and train a cadre of experienced personnel, expert in energy crisis management.

The testing program involves preparation for a range of international and domestic threats to energy security, such as disruptions to our supply system.

Question: Is this part of a cycle of test and exercise programs? If so, could you briefly describe the cycle?

Answer: The following is a brief description of the exercise programs in which the Department participates on a cyclical basis:

1. WINTEX-CIMEX: An odd year, biennial exercise sponsored by NATO designed to ensure Alliance readiness for NATO crises or war. Its purpose is to test plans and procedures related to mobilization for war, to coordinate NATO civil activities with the military and to test communication linkages between NATO members. Cycle: 1985, 1987, 1989.

2. REX ALPHA: An even year, biennial exercise sponsored by FEMA and the Joint Chiefs of Staff designed to examine and test U.S. mobilization during a conventional war. Cycle: 1986, 1988, 1990.

3. REX BRAVO: An even year, biennial exercise sponsored by FEMA and the Joint Chiefs of Staff to evaluate DOE's plans and operational procedures for a Continuity of Government emergency. Cycle: 1986, 1988, 1990.

4. AST: Periodic allocation systems test sponsored by the International Energy Agency designed to train industry, government, and IEA Secretariat staff in the essential IEA emergency system procedures and mechanics. Cycle: 1985, 1988.

5. GLOBEX: Yearly Global War Games Exercise conducted at the Naval War College in Newport, Rhode Island. 1987 was DOE's first year of participation as a major civil agency player. Staff has been able to isolate a number of energy issues critical to a sustained conventional European war and will assist the staff leadership at the College in the planned test of these. Cycle: 1987, 1988.

6. ESPRIT (Energy Emergency Management System/Strategic Petroleum Reserve Integrated Test): Internal test of DOE's emergency crisis management system. Conducted in conjunction with the SPR drawdown test, it focused on the management structure of the Energy Emergency Management Team and its procedures. Cycle: 1987.

7. CERM (Coordinated Emergency Response Measures Test): Periodic test held by the International Energy Agency to test procedures for a coordinated international stock drawdown. The purpose of the first test was to familiarize IEA Secretariat and Member governments with the procedures approved in 1987 for implementing a coordinated international response. Cycle: 1988.

8. In addition to the above tests and exercises, the Office of Energy Emergencies (EE) participated in eight high-level simulations designed to familiarize top industry executives and government officials with the broad array of energy emergency preparedness issues. For example, the Office participated in a regional Continuity of Government exercise in California designed to assess the coordinative capabilities of local governments and Federal regional offices in responding to an energy emergency. In addition, the Office participated in a National Association of State Energy Officers-sponsored simulation as part of an effort to draw local government into the energy emergency planning process. EE plans to continue these simulations.

The Office plans to participate in the following additional exercises: 1988 National Wartime Oil Organization Training (even-year biennial NATO readiness training, focusing on petroleum issues); DENSE CROP (a NATO-sponsored logistics exercise); a number of High Level Simulations (designed to test specific portions of the emergency preparedness structure not tested under the regular program); and RESPONSE 88 and 89 (involving earthquakes in California).

Currently, Oak Ridge is under contract to assess the overall program and to make recommendations to better facilitate policy implementation, integrate the Department's response procedures, and ensure a balanced training program.

Energy Emergency Management System

Question: In FY 87, you planned and conducted a comprehensive Department wide test of the Energy Emergency Management System decision process. What did you learn from this test?

Answer: The first formal test of the Energy Emergency Management System (EEMS) successfully tested one complete decisionmaking cycle beginning with the introduction of an international petroleum disruption scenario and concluding with a simulated decision to drawdown the Strategic Petroleum Reserve (SPR). The exercise achieved its objective of testing the EEMS process and validating supporting operational procedures. The test most significantly demonstrated the viability of the EEMS process and the readiness of key energy emergency staff to respond to an energy emergency.

Question: How has the system changed as a result of this test?

Answer: No major system deficiencies were identified. As anticipated in an initial system test, the exercise did identify several areas in which revisions and expanded staff training are necessary to enhance EEMS effectiveness. These included greater emphasis on preplanning in the development of response options, further examination of public information/outreach roles and responsibilities, clarification of coordination requirements, and expanded staff cross-training. These findings are being incorporated through the continuing EEMS development process.

National Petroleum Council Study

Question: In FY 87, you participated in a study with the National Petroleum Council that looked at the U.S. oil and gas outlook, and the Minimum Operating Inventory level for the petroleum industry. In FY 88, your justification indicates that you incorporated findings of the NPC study pg. 407). Can you describe this study for the Committee?

Answer: The National Petroleum Council (NPC) released its study Factors Affecting U.S. Oil and Gas Outlook in February 1987. In that study the NPC cited declining domestic crude oil production and increasing oil imports as factors in the urgent need for the Nation to take steps to prepare for an oil

supply emergency. In March 1987 the Secretary of Energy presented the Energy Security study to the Congress that encompasses the NPC study and outlines the Administration's policy and efforts to prepare for an energy emergency.

The funding for this office's activities associated with the NPC studies (pg. 407) includes continued investigation into the factors that underlie the domestic petroleum industry's ability to respond to an oil supply emergency. One of the factors -- the relationship of the "Minimum Operating Inventory" (MOI) for crude oil and major petroleum products and the current inventory levels reported in EIA's Petroleum Supply Monthly -- are part of the current NPC study, U.S. Petroleum Storage and Transportation.

Question: What were some of the findings?

Answer: The findings of the previous NPC study are described above. In the current study, the NPC will prepare revised estimates of MOI, the factors that affect changes in MOI, and the current operating capacities of the U.S. petroleum distribution system. This study is scheduled to be completed in late 1988. Staff from the Office of Energy Emergencies are participating in all phases of the study to date and are preparing data for NPC study committees and assisting individual study committee members in data analysis.

Strategic Petroleum Reserve Issues Analyses

Question: The justification indicates that during FY 88 you are going to be conducting issues analyses of specific practical problems associated with Strategic Petroleum Reserve crude oil. What are some of these specific problems?

Answer: The Office of Energy Emergencies conducts analyses on a continuing basis to ensure the operational readiness of procedures for the release of crude oil from the SPR. For example, we are examining the process for deciding when and at what rate to draw down the SPR. This study is intended to ensure that sound decisions regarding the release of SPR oil can be made on the basis of the information likely to be available in a crisis.

Also, we are examining the interrelationships between internationally coordinated stockdraw and the SPR release decision. While coordinated stockdraw will greatly enhance the effectiveness of our response to an oil supply interruption, it may be necessary to commit SPR oil very early in a crisis. For this reason, we must have procedures in place to permit coordination to be achieved in a timely manner.

Another example pertains to forward sales of SPR oil, that is, sales for future delivery. We are examining whether, under some circumstances, the effectiveness of the SPR would be enhanced by selling part of the oil under forward sales contracts. As part of this inquiry, we are examining whether the contract price of any SPR oil sold under a forward sales contract would need to be indexed.

As still another example, we are examining the basis for establishing a minimum acceptable bid price (MABP) for SPR oil. The SPR Standard Sales Provisions provide that the Secretary may, at his discretion, establish an MABP. If a decision is made to establish an MABP, it will be necessary to have a firm basis for setting the MABP, for example, as a percentage of the prevailing market price. Our study of this issue is investigating the suitability and quality of different types of market price information likely to be available in an energy crisis.

National Defense Executive Reserve

Question: Your FY 88 justification indicates that one of your FY 88 goals was to increase the National Defense Executive Reserve membership by 50 to 155. The FY 89 justification indicates that the FY 88 goal is now to increase membership to 175. The FY 89 goal is to increase membership to 325. Why was

the recruitment goal increased? Has recruitment gone that much better than expected?

Answer: The recruitment goal was increased to meet new DOE Regional Continuity of Government program requirements. Consequently, additional members of the National Defense Executive Reserve are being recruited to serve on this team.

Progress with development of a separate NDER unit for gas indicates that natural gas recruitment should progress faster than previously thought.

Question: What is the total goal for this program?

Answer: The current goal is 325. However, emergency simulations will provide for continuing reevaluation of what staffing is needed to enhance DOE emergency response capabilities.

Question: What is the role of this reserve?

Answer: The role of the NDER program is to augment DOE management with energy resource management expertise during major national security emergencies. They would provide expertise in petroleum, natural gas, coal, and electric power not available or needed during DOE's normal day-to-day operations. Their mission would be to assist with analysis of the emergency impacts on energy supply and demand, recommend response actions, and coordinate the Government/industry interactions to ensure implementation of the response.

DEPARTMENT OF THE INTERIOR

U.S. Geological Survey

STATEMENT OF DALLAS L. PECK, DIRECTOR

ACCOMPANIED BY:

DOYLE G. FREDERICK, ASSOCIATE DIRECTOR
PETER F. BERMEL, ASSISTANT DIRECTOR FOR PROGRAMS
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BENJAMIN A. MORGAN, CHIEF GEOLOGIST, GEOLOGIC DIVISION

PREPARED STATEMENT

Senator Reid. Testifying this morning on behalf of the Geological Survey will be its Director, Dr. Dallas Peck.

The Survey's fiscal year 1989 budget request for their major operating account entitled "Surveys, investigations, and research" is $425,003,000, which is $22,744,000 less than the 1988 appropriations to this date.

Dr. Peck, welcome to the subcommittee. We have your prepared statement which will be inserted into the record at this point in its entirety.

[The statement follows:]

STATEMENT OF DALLAS L. PECK

I appreciate this opportunity to discuss with this Committee the Fiscal Year (FY) 1989 budget proposed for the U.S. Geological Survey (USGS). The requested funding will support our 110th year as the Nation's principal earth- science research and information agency.

The mission of the USGS is to provide geologic, topographic, and hydrologic information that contributes to the wise management of the Nation's natural resources and that promotes the health, safety, and well-being of the citizens of this country. This information consists of maps, databases, and descriptions and of analyses of the water, energy, and mineral resources; the land surface; the underlying geologic structure; and the dynamic processes of the Earth.

The Survey has a long and proud tradition of providing "Earth Science in the Public Service." As our Nation continues to face important questions concerning the availability and use of its land, water, energy, and mineral resources, the Survey's mission to provide the scientific information necessary to answer these questions takes on added significance.

Our FY 1989 request of $425,003,000 is 5 percent less than the amount appropriated for FY 1988, a decrease of $22,744,000. The FY 1989 budget proposal includes adjustments both for increased salary costs and reduced Federal Employee Retirement System expenses. In order to provide support to efforts to reduce the Federal deficit, we are proposing programmatic reductions of $20,921,000 that will decrease funding for lower priority research. The proposed reductions will not, however, prevent the USGS from fully supporting its mission to the public. Through improved management efforts and enhanced coordination of existing program resources, we feel that we can continue to fulfill the Nation's important needs for earth-science research and information.

Today, I will describe a few of the Survey's major programs. A new popular Survey publication called the "U.S. Geological Survey: Earth Science in the Public Service" provides an illustrative overview -- copies of which I would be happy to give you.

National Mapping Program

The USGS National Mapping Program addresses national needs for a variety of cartographic and geographic products, information, and services by producing a diversity of maps, reports, and digital databases. We are requesting $90,040,000 for these activities in FY 1989, which is a decrease of $892,000 from the amount appropriated in FY 1988. Increased funding levels are included for advanced digital cartographic systems which will improve map production capabilities and enhance applications flexibility. Funds are included to continue primary mapping and revision, land-use and land-cover mapping, digital cartography, geographic information systems (GIS) research and applications, and earth-resources observation systems (EROS) programs at constant or slightly decreased levels.

National requirements for cartographic and geographic information are evolving rapidly. In addition to the need for revised cartographic data to produce standard printed products, there are expanding needs for customized and dynamic products presenting these data in digital format to support a wide range of computer applications using GIS technology. To meet these needs and reduce the cost of providing conventional cartographic products, we are undertaking a massive, multi-year effort to develop and implement Advanced Cartographic Systems (ACS) at the Survey. A cost-effectiveness study that was completed in 1986, when ACS was initiated, demonstrated that, when fully implemented, ACS would enhance substantially map data production and revision capabilities and capacities. In FY 1989, increased funds of $4,500,000 are requested to take advantage of innovative computer technologies being developed in

cooperation with the Department of Defense and to bring these technologies to bear on the map-revision and digital cartographic production requirements of the civilian sector.

In preparation for implementation of ACS at the Survey, we are conducting a follow-on study to determine the appropriate revision cycle for primary maps based on the benefits identified by map users. This Primary Mapping Economic Analysis is being conducted with oversight by the Office of Management and Budget and will be completed soon. Preliminary results of this analysis indicate that: (1) use of primary map information is pervasive in government and industry, (2) use of the data in digital form is widespread and expanding dramatically, (3) timely revisions are essential to almost all applications involving map information, and (4) significant duplication of Federal effort will occur if the USGS is not able to meet user requirements for revised primary maps.

Digital cartography also enables us to develop more efficient and more effective ways of carrying out our traditional mission of earth-science data collection, research, and information dissemination. Throughout the bureau, GIS technology is being used to conduct complex geologic, hydrologic, geochemical, and geophysical research. We also are working with other Department of the Interior bureaus and Federal and State agencies on many cooperative GIS applications in support of improved resource management. To facilitate these cooperative efforts and make them more cost-effective, we are consolidating specialized GIS equipment into interdisciplinary, regional GIS facilities, which are located at the USGS National Center in Reston, Virginia, and at field centers in Denver, Colorado, and Menlo Park, California. Implementation of these facilities is planned in FY 1989.

To take advantage of the potential applications of GIS, national digital databases must be available. We are in the process of building such a database called the National Digital Cartographic Data Base (NDCDB). Opportunities to cooperate with other Federal and State agencies in building the Data Base are being pursued actively. For example, in cooperation with the Bureau of the Census, we have developed a 1:100,000-scale digital database of hydrographic and transportation information for the conterminous United States that will be used in the conduct of the 1990 Decennial Census. Requests for all or part of this database have been received from the Federal Highway Administration, the Federal Emergency Management Agency, the Nuclear Regulatory Commission, the Department of Defense, the Department of Energy, the Bureau of Land Management, the Bonneville Power Administration, and numerous State agencies. To continue to meet the requirements of these agencies, we will continue to add Public Land Survey System (PLSS), political and administrative boundary, and contour data to the Data Base in FY 1989. Development of National Digital Cartographic Data Base also continues at other scales.

Although we continue to make significant contributions toward including in the National Data Base the digital cartographic data required by the user community, we cannot meet the data needs of all agencies in a timeframe that is acceptable to them. Accordingly, many other Federal and State agencies currently are involved in the production of digital data to meet their specific needs. To prevent duplication of effort and assure that such data can be used by the entire user community, common National standards and exchange formats are essential. The USGS continues to lead the mapping community in the development of standards for digital cartographic data. The Federal Interagency Coordinating Committee on Digital Cartography (FICCDC), the National Committee for Digital Cartographic Data Standards (NCDCDS), and the Digital Cartographic Data Standards Task Force (DCDSTF) have joined forces to propose such a standard under the leadership of the USGS. That proposed standard was published in the January 1988 issue of the Journal of American Congress on Surveying and Mapping. During FY 1989, public comment and the results of widespread Federal testing will be evaluated and final standards will be proposed to the committees.

One technology that has proven useful in addressing natural-resource issues is Side-Looking Airborne Radar (SLAR). We believe that sufficient SLAR data have been acquired and made available to the public to demonstrate the value of the technology, and additional SLAR data now can be acquired readily from private sources without further expenditure of Federal funds. Therefore, in view of the significant funding that would be needed to acquire additional SLAR data, we are not requesting any funds for this purpose in FY 1989.

Geologic and Mineral Resource Surveys and Mapping

The USGS conducts basic geological research and provides information on onshore and offshore mineral and energy resources and on geologic hazards. These activities continue to result in knowledge and information that improves our understanding of the components, structures, and processes of the Earth, leading to wise use and management of our Nation's natural resources. We are requesting $167,767,000 for these programs in FY 1989, which is a decrease of $8,663,000 from the amount appropriated in FY 1988. Funds are included for mineral and energy resource investigations, offshore geologic surveys, geologic mapping and analysis of earth structures, geologic hazards, and climate change activities.

Although geologic information is vital to the planning requirements of most of the Nation's economic base, few Americans think about geology until they are faced with earthquake, volcano, or landslide damage to their property; environmental problems such as radon in their homes; or similar geologic problems. We are proud that the USGS has developed programs that continually address these National needs and public concerns in a balanced manner.

In the past decade, increasing dependence on foreign sources of energy and critical and strategic minerals has spurred us to concentrate many USGS geologic studies on identifying and assessing this Nation's discovered and undiscovered mineral resources. Among the programs developed to accomplish these goals are the National Mineral Resource Assessment Program, the Strategic and Critical Minerals Program, the Coal Investigations Program, and the Oil and Gas Investigations Program. Funding is requested in FY 1989 to continue these programs at current or slightly reduced levels as a natural consequence of the evolution of these programs.

The National Mineral Resource Assessment Program provides mineral resources information on public lands that assists in managing the wise use of these lands and identifies an important resource base for future needs. Current program efforts are concentrated on mineral surveys of lands that have been preliminarily determined by the Bureau of Land Management (BLM) to be suitable for wilderness designation. Mineral surveys of lands classified for potential wilderness designation were mandated by the Federal Land Policy and Management Act of 1976 and are carried out by the USGS in coordination with the Bureau of Mines and the BLM. By the end of this fiscal year, surveys will have been completed for over 9.5 million acres with studies of another 2.9 million acres in progress. We expect to complete these surveys that will total more than 13 million acres in 1990 in order to provide the Secretary of the Interior with the minerals information needed to present his recommendations to the President by October 1991.

Special investigations are conducted by the USGS to target areas for industry exploration that are likely to contain nonfuel strategic and critical minerals required for industrial growth and defense. Many of these minerals are in very short supply in this country and several are imported entirely. During FY 1989, we will focus our investigations in promising areas of the Basin and Range Province of Nevada and Arizona, 11 midcontinent States including Missouri, parts of several eastern States including Pennsylvania and West Virginia, and the State of Alaska.

Under the Coal Investigations Program, we work in close cooperation with the coal States to prepare statewide or area coal-resource reports, assist States in developing and managing their coal-resource databases, and evaluate coal resource accessibility. We began five coal availability studies in FY 1988 that will greatly improve our knowledge of the magnitude and extent of recoverable coal resources and provide local managers with the information necessary to make the land-use decisions regarding the future accessibility to these resources. Coal resource accessibility studies are underway this year in five areas in the Appalachian Basin: two in Kentucky, two in West Virginia, and one in Virginia. The results of these studies will be evaluated in FY 1989.

The Oil and Gas Investigations Program continues to provide important information on oil and gas habitat, generation, migration, and entrapment. In cooperation with the Minerals Management Service (MMS), we are continuing a multi-year effort to assess the undiscovered onshore and offshore oil and gas resources of the Nation. This investigation uses methodologies, assumptions, and databases that are different from those used in previous assessments by the Department of the Interior. In early April, the Department will release working papers that will describe the details of the methodology; the geologic, economic, and engineering assumptions; and the preliminary petroleum basin assessments resulting from this effort to date. The USGS and MMS will solicit review of the methods and assumptions used in developing the working papers. Other important investigations underway in the program include estimating the oil and gas resources of Federal lands and evaluating unconventional hydrocarbon resources in cooperation with the Department of Energy.

An increasing number of new mineral resources are being identified offshore. In recognition of the importance of this new frontier and in response to the Presidential proclamation of the U.S. Exclusive Economic Zone (EEZ), we have developed and are conducting a major geologic survey of the ocean floor in the U.S. EEZ using an advanced side-scan sonar imaging system called GLORIA. Recent GLORIA surveys were conducted off the Atlantic Coast, in the Bering Sea, and around Hawaii. The images reveal major structural, sedimentary, and volcanic features of the seafloor that are leading to new and improved hypotheses about geologic history and resource potential. For FY 1989, we are proposing to increase funding for the Offshore Geologic Survey program by $3,000,000 to begin verification surveys off the coasts of California, Oregon, Washington, the Atlantic and Gulf States, Puerto Rico, and the American Virgin Islands that will assist in providing "ground truth" and in quantifying the prospective resources identified on GLORIA images.

Mineral resource assessments and exploration, environmental analyses, and geologic hazard assessments are hindered in many parts of the country by a lack of basic geologic information. The National Research Council has expressed concern that relatively few geologic maps are available to address many issues where the geologic framework is a principal factor in the identification and resolution of problems. In response to these needs and concerns, we began this year, with this Committee's concurrence, an expanded National Geologic Mapping Program. A component of this program involves cooperatively funded geologic mapping to address mutual Federal and State needs. State interest and support for the program has been very strong. We currently are working with 23 States in the program. By applying new technology to the production of these geologic maps, we plan to increase the number and variety of derivative map products available and develop a flexible geologic and cartographic database capable of producing custom products to meet new Federal and State needs.

Study of the causes of geologic hazards and means of preventing or reducing their effects continues to be a priority with the USGS. As new information about geologic hazards becomes available, the USGS holds workshops in appropriate cities across the country to communicate this information to local managers, planners, and residents. We have programs to address earthquake, volcano, and landslide hazards. For example, the Earthquake Hazards Reduction Program continues to monitor high earthquake probability areas in Central and Southern California. Work is proceeding in the Parkfield earthquake

prediction experiment, which is being conducted in an area where the Survey has forecast a high potential for a magnitude 6 earthquake within the next 5 years. Additional seismic and geodetic monitoring of earthquake- prone regions is continuing in Nevada, Utah, Washington, and Alaska. In FY 1987, the Nuclear Regulatory Commission began providing funds for the joint development of a National Seismic Network in the eastern United States. This cooperative work will continue in FY 1989. This network should provide, for the first time, uniform seismic detection in the Eastern United States down to about magnitude 2.5.

Geologic, geochemical, and geophysical data collected by many of these programs has been extremely useful in evaluating environmental problems. For example, USGS baseline geochemical data were critical to the identification of source areas for selenium contamination associated with irrigation drainage in California's San Joaquin Valley. Data collected as part of the National Uranium Resource Evaluation (NURE) has proven very useful in identifying geologic environments in which accumulations of radon gas in homes may be a problem. Recently, this method was used to identify geologic formations that could yield significant radon gas in the Washington, D.C., area; Pennsylvania; New York; and New Jersey.

Water Resources Investigations

The USGS Water Resources Program is a balanced effort involving the operation of nationwide water-data collection networks and the conduct of surveys, investigations, and research on the quantity, quality, and use of the Nation's surface-water and ground-water resources. We are requesting $133,331,000 for these programs in FY 1989, which is a decrease of $16,452,000 from the amount appropriated in FY 1988. Funds are included to continue both the Federal and Federal/State cooperatively funded data-collection and analysis programs; national water data and information access; analysis of regional aquifer systems; core hydrologic research; investigations of nuclear waste and coal hydrology; as well as the State Water Resources Research Institutes and Research Grants programs at reduced levels compared to FY 1988.

In the 1970's, the preponderance of our effort in water resources was focused on traditional aspects of water supply as it relates to such things as resource development, the building and operation of public works, and coping with shortages in times of drought. In the 1980's, major concerns regarding the quality of surface-water and ground-water resources began to receive increased attention. Demands for an improved understanding of these issues have pointed out inadequacies of available information. The Survey has expanded greatly its research and investigations effort on such complex issues as: the movement and fate of contaminants in surface- and ground-water systems, the study of acid rain, and the safe disposal of nuclear and hazardous wastes. Early in this decade these research efforts were oriented largely towards understanding the physical and chemical processes that influence water quality by conducting intensive investigations at a small number of carefully selected study sites. Whereas research of this type has been, and continues to be, valuable in developing general concepts and understanding of water-quality problems of a site-specific nature (such as Toxic Waste Hydrology Programs which address problems associated with the cleanup of Superfund sites), many larger questions regarding the status of water quality at the regional and national scale remain that cannot be answered by this approach.

The Pilot National Water-Quality Assessment (NAWQA) Program was begun in FY 1986 and currently involves the conduct of pilot studies of surface- and ground-water quality wherein methodologies for the conduct of a national assessment are being developed and tested. The Departmental Task Group on Water Quality Assessment decided in the summer of 1986 that the present understanding of the potential utility of NAWQA is sufficient to warrant a multi-year effort to obtain a more definitive understanding of program products and their value, leading to a decision to proceed or not proceed with a full-scale NAWQA program. This multi-year effort consists of a pilot NAWQA program and related research and evaluation activities. The pilot NAWQA effort is designed to determine the potential benefits of a full-scale NAWQA, specifically to provide evidence of the utility of the kind of

information a full-scale NAWQA could produce. Federal, State, and local agencies are actively involved in the pilot program and are serving on study unit liaison committees. A National Coordinating Work Group on NAWQA, organized under the authority of OMB Circular A-67, has been formed and includes high level representation of Federal, State, local, and private sector interests.

In 1984 we began our National Water Summary Program -- this program involves an effort to tap available sources of information on national water-resources problems and conditions and prepare comprehensive annual reviews, on a State-by-State and National basis, of major topical areas of concern. To date, we have issued Water Summaries dealing with: (1) national water-resources issues and problems, (2) the quantitative aspects of surface-water resources, and (3) the quantitative aspects of ground-water resources. This summer we will publish an edition of the National Water Summary that will focus on ground-water quality, and we plan to issue a comprehensive National Water Summary on the subject of water use a short time later.

Although the Committee probably is familiar with the several USGS water-quality programs that I have just mentioned, I would like to emphasize that the Survey's emphasis on water-quality over the past decade is much more broad-based. For example, within our Federal-State Cooperative Program, about 75 percent of the investigations that we now are undertaking in conjunction with State and local governments address water-quality issues; 10 years ago this number was only about 25 percent. The USGS also is responsible for administering a research grants effort authorized by the Water Resources Research Act of 1984. It is worth noting that during the period 1985-87 a total of 102 research grants have been awarded to research institutions in academia and the private sector; 54 of these grants have involved investigation of significant water-quality issues.

An equally impressive increase in water-quality efforts is seen among the programs that we are conducting on a reimbursable basis for other Federal agencies. Ten years ago we received about $6,000,000 annually for water-quality work performed in support of other Federal agencies -- in FY 1987 this had grown to almost $25,000,000, including major efforts for the Department of Energy at the Yucca Mountain site, a large and growing program with the Department of Defense to assist in characterizing toxic-waste problems on military installations, and significant participation with other Department of the Interior bureaus in studies of water-quality problems, such as selenium toxicity which is potentially associated with irrigation activities.

Although we traditionally describe the work of the USGS in terms of three activities -- namely mapping, geology, and water -- earth-science issues usually are multidisciplinary in nature and require an integrated approach. USGS programs commonly share talents to address common problems. A good example is USGS activity to address global change, including climate-change concerns. Geologists, hydrologists, geochemists, geographers, and scientists from a variety of other disciplines are preparing a coordinated analysis of past earth climate changes indicated by the geologic record and the significance of changes under current global conditions and trends. Once this effort has been clearly defined, it will be coordinated with other Federal agencies through the Committee on Earth Sciences that I chair for the Office of Science and Technology Policy.

In summary, Mr. Chairman and members of the Committee, the Survey will continue to provide information and products and will continue to conduct research through a wide variety of programs to meet the Nation's high priority earth-science needs.

That concludes my prepared remarks. I would be pleased to answer any questions you might have about our programs.

Thank you.

INTRODUCTION OF ASSOCIATES

Senator REID. If you would introduce your associates that are with you at the table today and then summarize your statement, we will ask you some questions.

Dr. PECK. Thank you, Senator. With me is Mr. Doyle Frederick, Associate Director of the Geological Survey; and, Mr. Peter Bermel, Assistant Director for Programs.

SUMMARY OF APPROPRIATION REQUEST

It's a pleasure to be here this morning, Senator, and discuss our fiscal year 1989 budget which will fund the 110th year of Earth-science in the public service for the Geological Survey.

Our request is $425,003,000, a 5-percent decrease from the fiscal year 1988 appropriation. That includes adjustments for increased salary costs, reduced expenditures for the Federal Employees' Retirement System, and a proposed program reduction of some $20,921,000.

This will support a balanced program of mapping, geologic studies, and water resources analyses which will go a long way toward fulfilling the Nation's important needs for cartographic information and information on energy, water, and mineral resources, and geologic hazards.

NATIONAL MAPPING PROGRAM

For the National Mapping Division, we are requesting $90,040,000, a decrease of $892,000 from our fiscal year 1988 appropriations.

With those appropriations, we will continue to work toward the completion of the primary mapping of the country by 1990. That request also includes a request for an increase of $4,500,000 for advanced cartographic systems. There are rapidly evolving national needs for cartographic information, both updated and revised maps, and also digital cartographic data.

We have recently completed a very extensive user study to document those needs. In order to respond to those needs, we have started a cooperative program with the Defense Mapping Agency which applies computer technology to yield both revised maps in a cost-effective way and digital cartographic data.

This is, I think, an awfully good example of the application of military R&D to civilian needs.

This digital cartographic information is used not only to revise maps but to build geographic information systems in order to analyze all sorts of planning needs, resource needs, an understanding of toxic waste contamination, and other uses.

We are working very broadly within the Geological Survey and with many other agencies in the Federal and State governments to develop geographic information systems to solve problems. An awfully good example of this approach is a project—a major project—we completed this last summer with the Census Bureau to prepare digital data for hydrography and transportation for the lower 48 States.

The Bureau of the Census is going to use this information to generate via computer more than 400,000 maps the enumerators need to take the 1990 census.

It also provides a data base that is going to be very valuable for many other applications.

There are so many different agencies, both in the Federal and State governments, involved in gathering digital cartographic data that the question of standards and exchange formats is particularly important. It is important so that digital cartographic data gathered by other organizations does not have to be duplicated in a very costly fashion by the Survey and other organizations.

So, we have been working very hard through the Federal Interagency Coordinating Committee for Digital Cartography and through professional associations to develop standards for digital cartographic data.

And, we published in the January issue of the journal of the American Congress on Surveying and Mapping proposed standards for digital cartographic data.

EROS DATA CENTER

Another area covered under the National Mapping Program is the Earth resources observation system [EROS] Data Center and our remote sensing program. Congress requested a report analyzing the options for the EROS Data Center, and that report will be delivered to Congress within 1 month or so.

We have been having extensive discussions with NASA, the intelligence community, and other organizations about various options for support of the EROS Data Center and activities that the center could carry out.

GEOLOGY PROGRAMS—ENERGY AND MINERALS

Under our geologic and mineral resource surveys and mapping activity, we are requesting $167,767,000 for fiscal year 1989, a decrease of $8,663,000 from the fiscal year 1988 appropriations. This program includes energy and mineral resource studies onshore and offshore, basic geologic research and mapping, and geologic hazards studies.

One of the major items under this activity is mineral resource studies. Much of the effort under that program has been focused over the last several years on the assessment of proposed BLM wilderness areas. We have completed by the end of last fiscal year studies of 9.5 million acres of proposed wilderness areas, and we have 2.9 million acres in progress.

We anticipate completing those studies by 1990 so that the Secretary can make some recommendations to Congress.

We also carry out studies to target promising areas for exploration by private industry for mineral resources. We have been carrying out studies in the Triassic Basins of the East, in the midcontinent States, including Missouri, and in Alaska. And, this year we are starting a focused effort in the Great Basin, particularly in Nevada and Arizona where there is a large potential for gold and silver deposits and other base metal deposits.

In connection with that effort, we are opening field offices in Reno and in Tucson and expanding our field office in Spokane, WA.

In connection with mineral resource studies, we are also in the process of opening—in cooperation with the Bureau of Mines—a Mineral Information Office in the Interior Building here in downtown Washington. We anticipate a grand opening some time in May, and we will hope to have participation by the congressional staff at that opening. I think this will be an asset for the area.

Under our coal investigations, we've started in the last several years studies of coal availability. The figures for coal resources are very large and really unrealistic, in that they include coal that cannot be mined because of technical reasons—coal beds too close together, land use reasons, that sort of thing.

So, in order to allow the Nation to have a more realistic view of the availability of coal for mining, we have carried out first a pilot study in a quadrangle in Kentucky and this year are carrying out studies in five quadrangles in Kentucky, West Virginia, and Virginia.

We will complete those studies this year and early next year and then assess the results of the studies.

Under our Oil and Gas Resources Program, we are nearing completion in a rather major effort with the Minerals Management Service to assess undiscovered conventional oil and gas resources both onshore and offshore. This study, particularly the onshore study that we are carrying out involves a much more intensive application of data and new methodology, specifically a play analysis.

The results are substantially less than our previous assessment, and we are going to have an extensive and external review of our results to date. We've asked the National Research Council, the Board on Mineral and Energy Resources, to review our methodology. We have asked the State geologists association to set up a workshop involving industry people to review the methodology and the geologic assumptions for all the provinces.

We anticipate publication of the assessment by some time this fall or early next year.

OIL AND GAS RESERVES

Senator NICKLES. Mr. Chairman, could I intervene at this point?

Senator REID. Sure.

Senator NICKLES. Dr. Peck, I'm very concerned about USGS's—I don't know if I would call it premature—I guess the Secretary called it premature—release of your assessment that said U.S. estimates of how much oil and gas remains to be discovered in the United States has been reduced by 40 percent. I've seen, I guess some letters that you've sent to other people giving a little different taint on it.

But, it really bothers the heck out of this Senator who is trying to work for a viable domestic industry to have USGS come out with this kind of a headline: "U.S. Estimates in Undiscovered Oil and Gas Are Cut 40 Percent," the Washington Post, March 10 of this year.

Dr. PECK. That is a Washington Post headline, not the Geological Surveys', Senator.

Senator NICKLES. Well, I understand that. But, they took some of your information. Was that information released prematurely?

Dr. PECK. The information was released at a workshop in Denver involving industry people in order to start a dialog on the methodology of the assessment and the geologic assumptions.

It was premature to start discussing the totals of the assessment thus far versus previous totals. And, that's what we said in a letter that accompanied the abstracts that was presented by Mr. Frederick at the meeting. That was what was told to the reporters before those articles were written.

Senator NICKLES. Well, have you clarified that? I mean, I haven't read the clarifications. I read the headlines and it says U.S. reserves are estimated to be 40 percent less, domestic industry drying up.

I've already told you what my estimates are for imports. I think they are going up substantially. But, you have exacerbated that to some extent.

Dr. PECK. We have explained that we are going to go through an extensive review of the geologic assumptions and the methodology. We have got a workshop planned, one with Dr. Mankin, the director of the Oklahoma survey, to review with his staff and with industry representatives the potential for gas in the deep Anadarko Basin. That is one area where there is a debate about what the undiscovered resources are.

Senator NICKLES. Well, there is a significant debate. And, when those are thrown together—and usually they are—there is a difference between oil and gas, and some of us happen to think there is a very significant supply of natural gas, not only in my State but in several other areas as well.

And, again this says: Oil and gas reserves estimated to be such and such. Last year, you used what, a different methodology?

Dr. PECK. To begin with, we were talking about undiscovered resources, not reserves. And, always there is a confusion with the reporters——

Senator NICKLES. I understand.

Dr. PECK [continuing]. On what are reserves, major, indicated, and inferred in existing fields and what are in fields which are yet undiscovered.

There is also a confusion about—we have been assessing conventionally recoverable reserves and resources. And, there is some controversy and uncertainty about unconventional resources such as gas in the tight gas sands in the West and gas in the black shales in the East.

And, I think it's important to have a dialog and compare views on the availability and at which price range the availability of resources in both those categories are.

We are also participating with a Department of Energy study which is aimed at potential gas supplies in the future. And, our people and the MMS people who prepared—who have been working on these

assessments—will be working with Dr. William Fisher who is carrying out this study——

Senator NICKLES. I know Dr. Fisher very well and respect him very well. Mr. Lawrence of AGA basically says USGS' surveys erroneously and unduly pessimistic primary estimates on the amount of natural gas remains to be discovered and are a disservice to Americans. Energy policy and decisionmakers are very unfortunate.

Do you agree with his characterization?

Dr. PECK. No.

Senator NICKLES. Well, I do. I do. I mean, just to be very frank with you, I think that—and, again I would put it in a little different category. And, I happen to be an oil State as well as a gas State, and I'm familiar with both industries. And, they are significantly different.

And, again I think the connotations are—and, I see, Mr. Frederick, you are wanting to say something. I want you to feel free to say something.

But, I think that it has been a disservice to the industry and maybe to the consuming public and maybe to people who would be in the business of trying to make decisions on whether they wanted to have a powerplant be on gas or coal or some other type of resources. I'm concerned that there is significant impact from the initial information as it came out.

Dr. PECK. I think it's going to be a service to the country to get this discussion out in the open, to have a thorough review, or to end up later this fall hopefully with some consensus, at least a better understanding of what the undiscovered resources of oil and gas are for the country.

Senator NICKLES. I'm interested in that as well. But, I'm concerned—I put myself in the same category as Secretary Hodel I guess when he said that it was premature and inaccurate. I don't want to—premature and off the mark of gas reserves.

Dr. PECK. Whether it's off the mark, we will find out as we go through the review.

Senator NICKLES. Well, we will be watching that very closely.

Dr. PECK. We would hope to involve your staff.

Senator NICKLES. Mr. Chairman, thank you.

Senator REID. To show you how the world has turned around, we have the largest producing oil well in the United States. That's true. We have the largest producing free-flowing oil well in the United States in Nevada.

Senator NICKLES. Is that right? How about that?

Senator REID. About 6,500 barrels a day.

EROS DATA CENTER

Senator NICKLES. Mr. Chairman, I just have one other question if you don't mind, and then I will excuse myself.

You mentioned this EROS Data Center, and I'm assuming—I'm not that familiar with that—is that something comparable—in conjunction with Landsat?

Dr. PECK. Yes; this is a center that was established in the early seventies.

Senator NICKLES. Where is it?

Dr. PECK. It's near Sioux Falls, SD. And, it has been handling Landsat data since that time, servicing customers on that basis for many years on the funds that were received from the sale of the data and more recently, from a transfer of funds from NOAA. It also conducts research on the application of Landsat and other remotely sensed data and Earth-science problems.

Senator NICKLES. So, you use a lot of the Landsat data?

Dr. PECK. Yes.

Senator NICKLES. I was wondering if the Survey were tied together with NOAA. I was assuming that you were, but I wasn't——

Dr. PECK. Landsat is operated by EOSAT at this stage with involvement by NOAA, and we work pretty closely with NOAA on the Landsat data.

Senator NICKLES. Very good.

Mr. FREDERICK. Senator Nickles, the EROS Data Center was set up essentially to handle the public distribution of Landsat kinds of data and other remote sensing kinds of information.

With the passing of the Commercialization Act, that responsibility was transferred to EOSAT. However, to give them time to set up their capability and explore the market and that sort of thing, we reached an agreement with NOAA that we would continue providing that service for distribution of Landsat information essentially for NOAA who was providing funding as part of the deal with EOSAT.

Questions that have to do with the EROS Data Center have to deal at some point with when the commercialization of the land remote sensing systems is worked out, and there is a commercial system operating.

Senator NICKLES. Thank you, Mr. Chairman.

SUMMARY OF APPROPRIATION REQUEST—GEOLOGY

Senator REID. Have you finished your summarization of your statement?

Dr. PECK. No. [Laughter.]

Senator REID. Would you do so, please?

Dr. PECK. If I may continue, I was about to mention that we have been conducting a vigorous series of offshore geologic studies over the last several years, developing image maps, sonar image maps, of the sea floor. And, we've done about 1 million square nautical miles up until the beginning of this year, and we are continuing at a rate of 250,000 nautical miles a year.

These are marvelous map images that are analogous to Landsat images of the land. And, they reveal a lot of features that we are interested in following up on, features that will help us to understand the processes that operate, to identify promising areas for mineral and energy resources and also understand the processes that led to the formation of oil and gas and mineral resources on land.

Part of our budget request this year includes $3 million for follow-on studies of the features identified in that sonar mapping and also to continue work on the geologic framework of the EEZ.

There is broad concern about the availability of geologic maps. And, Dr. Mankin led a study of the National Research Council, looking at the needs for geologic maps. The report was published early this year, and we are working very aggressively to follow the recommendations in that report.

We have formed this year from existing programs the National Geologic Mapping Program. We are continuing the cooperative programs with the States, a 50–50 matching program, to conduct geologic studies. And, we are working with both the Geologic Division and our National Mapping Division to adapt computer technology to more efficient generation of geologic maps.

We have a geologic hazards category under which we do monitoring and assessment of geologic hazards and research on the prediction of hazards, hazards such as earthquakes, volcanos and volcanic eruptions, and landslides.

Some of the major activities this year include continued intensive work at Parkfield, CA, where we predict an earthquake will take place within the next 5 years. This continued concern and activity in southern California is because of two major earthquakes which occurred there this last year, and the results from a scientific drill hole at Cajon Pass which show a very different picture of the stress pattern and the strength of the San Andreas Fault.

So, we are going to be working very intently over the next year or so to try to assess what the earthquake risk is in southern California.

We are continuing to work with the Nuclear Regulatory Commission to implement a network of seismographs in the eastern part of the United States in order to monitor earthquakes.

SUMMARY OF APPROPRIATION REQUEST—WATER RESOURCES

In the Water Resources Program, we are requesting $133,331,000 for fiscal year 1989, a decrease of $16,452,000. The budget as proposed and the budgets for the last several years reflect a major change in orientation of our Water Resources Program.

In the seventies, those programs were oriented mostly toward water quantity and water supply, particularly during the times of drought. But, since that time there has been more and more focus on water quality rather than water quantity, both for surface and ground water.

This is reflected by many different programs, and first and foremost in our Cooperative Program where projects are carried out on a 50–50 basis so that they reflect both our interest and the user's interest, in the acid rain program where we operate the national trends network; and in our toxic waste program where we are studying toxic contamination at specific sites in order to understand the phenomena and develop better ways of monitoring those plumes.

Several years ago we started a pilot National Water Quality Assessment Program aimed at assessing the water quality, ground water in three areas and surface water in four areas in the country. And, we anticipate a decision on continuing or expanding that program within a couple of years with the help of the National Academy of Science.

Our national water summary this year, which will be published in a few months, is devoted to ground water quality.

Many of our programs which we carry out with reimbursable funding from other Federal agencies are also aimed at water quality. A prime example are our studies at Yucca Mountain and the Nevada test site, carried out for the Department of Energy.

Over the last several years, we've started many studies aimed at learning about toxic waste contamination at Department of Defense installations, particularly Air Force installations.

And, we are carrying out studies of possible irrigation-related contamination in cooperation with other bureaus of the Department of the Interior.

Finally, although I've listed activities under discipline categories of mapping, geology, and water, many of our activities spread across all the different divisions. Examples include water contamination and the toxic waste and radioactive waste isolation studies.

But, currently there is a lot of interest in the possibility of global change related to CFC's, the ozone hole, related to the buildup of carbon dioxide and other trace gases like methane. We are doing a lot of thinking about what role the Geological Survey should play in this.

We have an ongoing program in climate change, and we are looking at the hydrologic aspects of climate change.

This concludes my opening statement.

Senator REID. Thank you very much. Senator McClure, so I don't dominate the time, I will go for about 10 minutes and then you can take it and we will rotate back and forth until we wear everybody out.

Senator MCCLURE. All right. Thank you.

FISCAL YEAR 1989 BUDGET REDUCTION

Senator REID. Your budget this year notes a 5-percent reduction. It appears that this is going to be fairly painless, at least one-half of it, because it represents a downward reestimate of the Federal Employees' Retirement System; is that right?

Dr. PECK. Part of it represents that.

Senator REID. Well, one-half of it, isn't that right? That's about $11 million.

Dr. PECK. Let me turn to Mr. Bermel. Is that right?

Mr. BERMEL. Yes; $11 million.

Senator REID. So, that would—we could agree that's fairly painless?

Mr. BERMEL. Yes.

Senator REID. How about the other $11 million? How are you going to save that?

Dr. PECK. It's a little more complex than that, in that there is the decrease for the retirement but there are also increases for salary costs and rents and that sort of thing. And, that's roughly $10 million.

So, what we have is really a $20 million program reduction.

We are proposing reductions in a number of different programs.

STRATEGIC AND CRITICAL MINERALS

Senator REID. You've made reference in your written statement to the importance of Nevada as a resource for strategic and critical minerals.

However, it's my understanding that the Geological Survey's research in Nevada declines about—from over $6 million to under $5 million, a reduction of about $300,000. Mapping activities also declined by almost $1 million.

Given these reductions, Dr. Peck, explain to me, because I have trouble understanding the assertion that you are placing an emphasis on the characterization of strategic and critical minerals in Nevada.

Dr. PECK. OK, Mr. Chairman, as far as the details of the differences between last year and this year——

Senator REID. And, don't hesitate to call on whoever you——

Dr. PECK [continuing]. We can supply some of that for the record. But, I do know that we are starting a study of the Great Basin area in Nevada and Arizona looking at the potential resources that might be covered by alluvium and pediment gravels and using various geophysical techniques and geologic mapping to assess that potential.

We also have greatly expanded—we anticipate greatly expanded—activities at Yucca Mountain related to the geologic and hydrologic characterization of the test site.

Senator REID. But, my question related to your statement about the strategic and critical minerals in Nevada.

Dr. PECK. Mr. Chairman, this is a marvelous opportunity to introduce the Chief Geologist, Dr. Benjamin Morgan. I'm sure he would be pleased to respond to that.

Dr. MORGAN. The principal thing that is involved in strategic and critical mineral studies in Nevada right now, or the minerals program in Nevada right now, has been the variety of appraisals of two degree sheets.

There is a problem on whether or not we will be able to continue the Reno two degree sheet in the coming year.

I do think that one part of the program, however, that we are very excited about working in Nevada and focusing and——

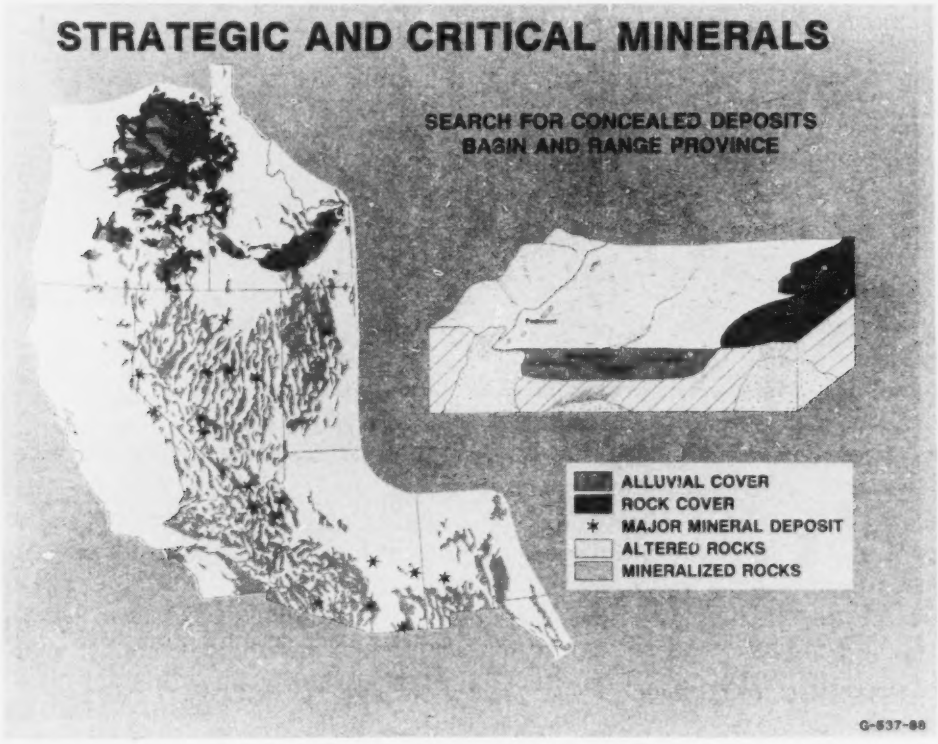
Senator REID. If I could just interrupt, my question though is, with the emphasis that you are placing on what is going on in Nevada, why are you spending less money than you did this year?

Dr. MORGAN. Well, the only information that I have at the moment is that work on the Reno quadrangle may or may not be continued in the coming year. It's high on our list of plans for continuing. We have a long series of programs that we plan to study, particularly in the covered basin area in the State of Nevada, in the basin and range where

we have a geologic province which is broken into a series of mountains and basins, and most of the mineral resources are in the mountain ranges. We suspect that there is a large quantity of undiscovered resources in the basins and covered areas.

And, we would like to start a program that would systematically explore that basin, the covered area in the strategic and critical minerals areas.

The stars on that map are many of the major mineral districts through that area, but the areas that are in red are covered and are out of sight and are not within the principal supply of the mineral resources in that area.



USGS ACTIVITIES IN NEVADA

The other thing that we are looking forward to starting in the State of Nevada, of course, is opening a field office in Reno. And, we've only recently signed a memorandum of understanding with the University of Nevada and the Secretary of the Interior.

We will focus our efforts in Nevada and to try to look with greater detail and emphasis on the covered areas.

Senator REID. I don't mean to be persistent, but still I don't have an answer to my question.

Dr. PECK. Looking at my briefing sheet on the State of Nevada, it looks like expenditures by the Geologic Division in fiscal year 1988 and fiscal year 1989 are about level, down a little bit.

There is a major decrease in the Mapping Division, and I presume that follows from the rate of completion of——

Senator REID. I understand that.

Mr. FREDERICK. I was just saying the Water Resources Program actually is on the order of $5 million, and that is increased by 30 to 50 percent I believe over the last 3 or 4 years to pay some fairly serious attention to water issues.

Senator REID. See, that doesn't show in the information that we have.

Mr. FREDERICK. We will have to clarify that, Senator Reid, in terms of those numbers and what they actually represent.

Senator REID. Do you think they may be inaccurate?

Mr. FREDERICK. We think they may not be complete.

Senator REID. OK.

Mr. FREDERICK. That would be the response I would give on that one. The total program in Nevada is on the order of $25 million or thereabouts and is an increase, including the Nevada test site, the water resources programs and subsequently, as Dr. Morgan was saying, some of the attention that we will be giving to Nevada with the office in Reno.

Senator REID. OK.

Mr. FREDERICK. Our presence there is increasing.

NUCLEAR WASTE DISPOSAL

Senator REID. Dr. Peck, what are your plans this year and in fiscal year 1989 for the Yucca Mountain site characterization?

You can stay here, Dr. Morgan. You don't need to leave. We may have some more questions. [Laughter.]

Dr. PECK. This year, we will be carrying out, as I remember, at a level of about $20 million, some pretty intensive activities to characterize the geologic setting and the ground water setting.

And, that includes a lot of studies that will be getting ready for drilling the shaft to more intensively characterize the site. During this year, the proposed plan of action involving drilling at the site, the site characterization plan, is being reviewed rather extensively.

Once that has been approved, the shaft drilling can go on. And, a lot of detailed studies would be carried on with respect to that.

The sort of problems that we are addressing are, for example, what is the flow of water through the unsaturated zone above the proposed repository? What are the movement of waters both in vapor form out of the mountain upward as well as downward?

We are still working on characterizing the rate of water flow below the water table in order to determine whether the radioactive waste would indeed remain contained over a long period of time.

We will also be examining the seismic stability of the site, the possibility for changes of water level due to climatic changes that could affect the repository.

Senator REID. I have some more questions, but under my rule it's your turn.

GEOLOGIC MAPPING IN IDAHO

Senator MCCLURE. Thank you very much, Mr. Chairman. Let me move very quickly, if I can, so I can cover as much ground as I can.

I want to get a brief status report on your work in mapping the quadrangles in the State of Idaho. Specifically, I'm interested in knowing what needs to be done to complete the necessary geologic mapping and mineral evaluations.

As I understand it, the Wallace quadrangle is complete and published. Is that accurate?

Dr. PECK. Yes.

Senator MCCLURE. The Challis quadrangle is complete but not published. Is that accurate?

Dr. PECK. I think there is an open file report that has been published, and the formal publication is working through the mill.

Senator MCCLURE. The Dillon quadrangle is complete and the manuscripts are in the review process. Is that correct?

Dr. PECK. That's correct.

Senator MCCLURE. Field work in the Hailey quadrangle is in progress. And, what is the schedule for completion of that work?

Dr. MORGAN. Fiscal year 1989.

Senator MCCLURE. Preassessment work for the Elk City quadrangle is complete. What is the schedule for the completion of that work?

Dr. PECK. Now, that's one of many other quadrangles around the United States where we are doing preassessment. Once we finish that preassessment, then we will decide which are the most promising to actually conduct the field studies.

Senator MCCLURE. So, you can't give us a schedule on that yet.

Dr. MORGAN. We would like to complete all the preassessments by 1989, in the fiscal year 1989.

Senator MCCLURE. Preassessment work is also underway in the Sandpoint and Jordan Valley quadrangles. Is that correct?

Dr. MORGAN. That's correct. And, those also are scheduled to be completed in June 1989.

Senator MCCLURE. How are the mineral assessments coordinated with the Bureau of Mines?

Dr. MORGAN. We have meetings both here in Washington and also on site through our Spokane office.

Dr. PECK. Many of the people in the Bureau of Mines who are doing those studies are out of the Spokane office. And, we are exploring with the Bureau of Mines' people of trying to locate many of our people in the Bureau of Mines office in Spokane.

KENTUCKY COOPERATIVE MAPPING PROGRAM

Senator MCCLURE. Allow me to shift to Kentucky for a minute. In 1960, the Survey began a cooperative program with the Kentucky Geological Survey to map the geology of the entire State at a scale of 1:24,000. The program was completed in 1978 with the publication of the last quadrangle reports.

The total cost of that project was just under $21 million and was shared equally by the Federal Government and the State.

What has been the economic benefit of this effort to the State of Kentucky?

Dr. PECK. I think the benefit has been considerable. One thing, as a result of the mapping and the very accurate location of drill holes, a fair bit of coal was discovered. It was minable and could be recovered.

The mapping helped the highway department determine what roads were subject to landsliding, so they were able to cut their costs on road repair to a considerable extent.

Just overall, it benefited the State. It helped the State attract industry because of geologic information.

Senator MCCLURE. Do you have any published report or summary of those benefits?

Dr. PECK. We have prepared and published I believe in 1981 a circular 801 which is an analysis of the economic benefits from that study.

Senator MCCLURE. And, I believe your circular 1003 contains an estimate of the economic value to the State of Kentucky of over $1 billion for the investment of $21 million.

Dr. PECK. It's quite remarkable.

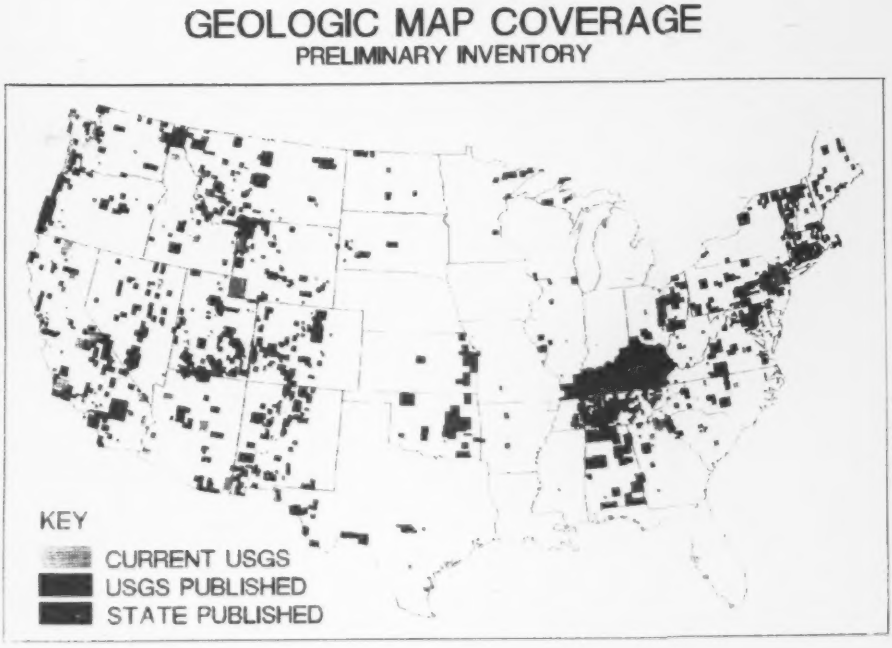
Senator MCCLURE. By almost any test, that's not bad and it's certainly better than people ordinarily give credit to Government.

But, you can't help but notice if you look at the map of the United States, save Alaska, where mapping has been completed, and all you have to do is look at the map and you can find Kentucky.

Dr. MORGAN. You certainly can.

Dr. PECK. And, Connecticut tends to show up, too. Alaska, as far as detailed mapping, is not——

Senator MCCLURE. Isn't that amazing? Look at that whole State. It's easy to find Kentucky. [Laughter.]



ECONOMIC BENEFITS OF GEOLOGIC MAPPING

If there is that much benefit from that program, how can we extrapolate that program or estimate its value and move toward providing the same kind of economic benefits to other States?

Dr. PECK. We are in the process of carrying out a study of the users of geologic data and the economic benefits from geologic mapping. We have studies going on right now.

And, we are considering whether we need to expand greatly our geologic mapping and the State and Geological Survey mapping in partnership in order to meet these needs, Senator.

Senator MCCLURE. Well, I am struck by it. But, I have been struck by that for a long time, that we need better basic information.

And, a lot of people look to the U.S. Geological Survey. And, I know your budget is tight. Senator Reid asked a very good question awhile ago and he got kind of a general answer, and that is why have you cut back in Nevada. Well, all of us are asking that question.

And, I suspect the easiest way to get really the guts of the issue before us in that regard is to ask, how much did you request from OMB?

Dr. PECK. As far as Geologic Mapping, I think our——

Senator MCCLURE. No; the total Geological Survey.

Dr. PECK. Well, let's see, I will have to turn to Mr. Bermel for that.

Senator McCLURE. Let me ask you to do it this way. Would you provide for us what your request was to OMB, and you can break that down in as much detail as you would like, so that we can contrast what you have requested and what you got?

Dr. PECK. Yes; we surely will do that, Senator.

Senator McCLURE. Because I do know, and I think everyone of us knows, that it's a tight budget and the priorities are established by the Congress, or sometimes we fail to, but the priorities get established as a result of congressional action and you have to live with it.

Senator REID. Would the Senator yield?

Senator McCLURE. Yes.

Senator REID. Could we also add to that question what the agency itself asked?

Dr. PECK. Yes.

Senator REID. Within the agency itself.

Dr. PECK. Yes; we can indicate what we asked for and in turn what the Department asked OMB.

Senator REID. And, would you supply that to us?

Dr. PECK. Yes, sir.

[The information follows:]

U.S. Geological Survey
FY 1989 Budget Request History
(Dollars in thousands)

Activity/Subactivity/Program	Request to Department	Request to OMB	Request to Congress
NATIONAL MAPPING, GEOGRAPHY AND SURVEY	93581	92092	90040
Primary Mapping & Revision	36505	36968	35618
Digital Cartography	13327	13496	13248
Small, Intermediate, & Special Mapping	15193	12840	12500
Intermediate-scale Mapping	4503	4553	4410
Small Scale & Other Special Mapping	1749	1799	1740
Geographic Info. System Res. & Applic.	3719	1722	1711
Image Mapping	3676	3213	3103
Land-use & Land-cover Mapping	1546	1553	1536
Advanced Cartographic Systems	17718	17719	17719
Earth Resources Observation Systems	7121	7176	7118
Data Production & Dissemination	3662	3689	3168
Applications Research	3459	3487	3950
Cartographic & Geographic Information	3717	3893	3837
SLAR	0	0	0
GEOLOGIC AND MINERAL RESOURCE SURVEYS AND MAPPING	176051	168988	167767
Geologic Hazards Surveys	46868	46137	45588
Earthquake Hazards Reduction	33616	32745	32335
Volcano Hazards	11040	11148	11050
Landslide Hazards	2212	2244	2203
Geologic Framework & Processes	26335	23660	23259
National Geologic Mapping	18972	17734	17403
Deep Continental Studies	3075	3095	3074
Geomagnetism	1747	1778	1745
Climate Change	1041	1053	1037
Coastal Erosion	1500	0	0
Offshore Geologic Surveys	25544	28354	28193
Offshore Geologic Framework	25544	28354	28193
Mineral Resource Surveys	49313	45470	46265
Nat'l Mineral Resource Assess. Prog.	23615	21949	23160
Strategic & Critical Minerals	12311	9949	9773
Development of Assessment Techniques	13387	13572	13332

(Dollars in thousands)

Activity/Subactivity/Program	Request to Department	Request to OMB	Request to Congress
Energy Geologic Surveys	27991	25367	24462
Evolution of Sedimentary Basins	5317	5385	5308
Coal Investigations	6386	6479	6374
Oil & Gas Investigations	6393	4959	4885
Oil Shale Investigations	589	597	589
Uranium/Thorium Investigations	3367	1921	1856
Geothermal Investigations	5427	5510	4935
World Energy Resource Assessment	512	516	515
WATER RESOURCES INVESTIGATIONS	143776	139778	133331
Nat'l Water Resources Res. & Info. System-Federal Program	73670	76100	72138
Data Collection & Analysis	20416	20181	19034
Nat'l Water Data & Info. Access Prog.	1090	1090	1051
Coordination of Nat'l Water Data Act.	1053	1053	1004
Regional Aquifer System Analysis	10733	11025	10729
Core Program Hydrologic Research	8441	9379	8712
Improved Instrumentation	1712	1712	1694
Water Resources Assessment	1412	1590	1386
Toxic Substances Hydrology	12636	13715	12648
Nuclear Waste Hydrology	3577	3755	3491
Acid Rain	3015	3015	2950
Scientific & Technical Publications	2336	2336	2274
Nat'l Water-Quality Assessment Prog.	7249	7249	7165
Nat'l Water Resources Research & Info. System-Fed/State Coop Program	60364	58374	55914
Data Collection & Analysis, Areal Appraisals, & Special Hydro. Studies	51275	49195	47309
Water Use	4001	4091	3973
Coal Hydrology	5088	5088	4632
Nat'l Water Resources Research & Info. System-State Res. Inst.,& Research Grants Program	9742	5304	5279
State Water Resources Res. Institutes	4638	2802	2802
Nat'l Wtr Res Research Grants Program	1810	1810	1810
Program Administration	794	692	667
Title 3 Ogallala Aquifer	2500		
GENERAL ADMINISTRATION	16457	16925	16438
Executive Direction	4655	4756	4762
Administrative Operations	10164	10531	10038
Reimbursements to the Dept. of Labor	1638	1638	1638
FACILITIES	15056	17408	17427
National Center-SLUC	12175	14524	14524
Nat'l Center-Facilities Mgmt.	2881	2884	2903
Rental payments to GSA	3711		
TOTAL	448632	435191	425003

ANWR OIL AND GAS ESTIMATES

Senator McCLURE. I want to follow up just very briefly on what Senator Nickles started with respect to your estimate of oil and gas reserves and ask about that estimate as it applied to ANWR.

According to your estimates, none of the oil and gas reserves projections for ANWR are recoverable at $18 a barrel. Is that correct?

Dr. PECK. No; that's incorrect. And, that was an incorrect press reporting.

What we did report was that at a value of $18 a barrel for oil and $1.80 per million cubic feet for gas that North Slope gas was not economically recoverable. That reflected not only the price, the lack of infrastructure, a gas pipeline, but that at higher prices that gas, and the development of an infrastructure, that gas would be recoverable.

Senator McCLURE. Well, let me—not so much about the gas, because obviously a pipeline is lacking and it's pretty hard to market gas if you can't get it to the market.

How about the oil?

Dr. PECK. Well, for the oil estimate, under our assessment the last 2 years we did not prepare an assessment specifically of ANWR, as I recall. We prepared an assessment for the whole North Slope that incorporated——

Senator McCLURE. Well, let me look at Platt's Oilgram News, Tuesday, March 8, 1988, page 1:

> Virtually none of the undiscovered oil/gas reserves projected for Alaska Artic National Wildlife Refuge are considered recoverable at present prices, said Donald Gautier, USGS, Denver branch, Chief of Petroleum Geology.

Dr. PECK. He was incorrectly reported. That's an erroneous press report.

Senator McCLURE. Good.

Dr. PECK. That was corrected in a subsequent publication.

Senator McCLURE. So, we should ask them to put in bold print on the front page a retraction?

Dr. PECK. They did. They did, Senator. They did.

Senator McCLURE. And, at what price do you believe that oil is recoverable?

Dr. PECK. Well, it's recoverable at the present price.

Senator McCLURE. OK. When do you expect to release the report in full for public comment?

Dr. PECK. We are releasing working papers later this month on the methodology and on the assessment province by province, both onshore and offshore. This is to provide for a broad review of our approach.

We are aiming at final publication later this calender year or early next year.

Senator McCLURE. OK. Can you provide a copy of that for this committee, please?

Dr. PECK. We would be pleased to.

Senator REID. You don't mean later—you mean later next month?

Dr. PECK. For the working papers—oh, this is March 31. I mean later next month, yes. I stand corrected.

Senator MCCLURE. You can't get much later this month. [Laughter.]

NATIONAL COAL RESOURCES DATA SYSTEM

As part of the Coal Investigations Program, the Survey conducts a national coal resources data system [NCRDS], which is a coal data base developed to facilitate coal-related policy analysis and decisionmaking at all levels of government and in the private sector. As a part of this responsibility, NCRDS is designed to generate assessments of coal quantity and quality by region, State, county, or smaller subdivision as required.

Essentially, I think I summarize it correctly by saying this program is a computer data base which can be used to produce computer-drawn resources maps of various types; is that correct?

Dr. PECK. Yes.

Senator MCCLURE. I don't, however, see in your program a similar program for strategic minerals. The National Mineral Resource Assessment Program conducts investigations of known mineral resources and the Strategic and Critical Materials Program provides information on domestic and world resources of nonfuel minerals.

Neither program, however, provides the same dissemination processes as the national coal resources data system.

How is the strategic mineral data disseminated?

Dr. PECK. Senator, we do have a mineral data system that is in some ways analogous to the coal data system. It's called the mineral resource data system or something like that, a terrible acronym, MRDS.

Senator MCCLURE. It could be worse. [Laughter.]

Dr. PECK. Now, in addition, the Bureau of Mines has several data systems that are aimed at reserves. Now, there are differences between these two data systems and the coal data system that in part, reflect the nature of the resource.

NATIONAL COAL RESOURCES DATA SYSTEM

The coal data system is a lot more quantitative. It has many—much data on the thickness of coal beds and their depth and their quantity. And because the coal beds are in layers, they can be extrapolated from data point to data point and you can make a quantitative estimate.

Hard mineral resources are mostly local occurrences. The Coeur d'Alene District would be a good example. You can't extrapolate to southern Idaho unfortunately.

Senator MCCLURE. You can't go very many miles. [Laughter.]

Dr. PECK. That's right. And, much of the reserve information for a district like the Coeur d'Alene District is company proprietary.

And, so our data system, and the Bureau of Mines data system, have a lot more text information and background and collateral information. It has less reserve information because of the company proprietary nature of things.

And, because of the nature of the resource, it can't be extrapolated over broad areas. But, both of them are actually on similar computers.

Those data systems are available to the public and to the State geological surveys. We hope through our new Mineral Information Office that we are going to be opening in May in the Department of the Interior to make more broadly known what information we have available, how it can be reached.

And, we will have computer terminals in the Mineral Information Office.

Senator MCCLURE. Mr. Chairman, I've used my 10 minutes, but if I could just follow this for one or two more questions?

Senator REID. Yes.

HARD ROCK MINERALS

Senator MCCLURE. I recognize the difficulty of assessing quantities and qualities in hard rock minerals as differentiated from coal, but the very fact that it is more difficult makes it more essential that we have the best information possible.

Dr. PECK. Yes.

Senator MCCLURE. We don't have any shortage of coal in this country. We have got terrific dangerous shortages of critical minerals.

And, if there is some place that we should be putting an emphasis, it seems to me it ought to be driven not by market opportunity alone in planning for coal companies that already have a lot of coal but in the area where it is critical to the security of this country, economic and military security, that has got to be strategic and critical minerals.

And, I know it's more difficult. I understand that it's more difficult. But, it seems to me an area where we have the least need we have the greatest information, and the area where we have the greatest need we have the least information.

Dr. PECK. Now, we do have programs aimed at gathering that information and making estimates. One is this so-called systematic mineral resource appraisal program of two degree sheets.

In addition to that, we are working on methods of how you assess the undiscovered hard mineral potential of areas. And, what we do is, we are working very hard on conceptual models of different types of mineral resources.

One type would be the Coeur d'Alene-type silver, lead, zinc copper deposits. Then, we look at different terrains that have been well explored to see what the abundances of deposits and the grade of those deposits are.

We can then, by geologic analogy, determine or estimate what the undiscovered potential for a specific deposit type is in an area. We have carried out that sort of study, for example, of the Western Cascades in Oregon and by analogy made an estimate of a range of deposits, for example, that would be shallow formed copper deposits like the Bohemian District, what the potential would be in the Cascades.

Senator McCLURE. Let me interrupt if I may.

Dr. PECK. Yes, sir.

Senator McCLURE. Coal is in abundance. Copper is not in short supply. And, yet when we look at where you have done the most work those are the two that get identified.

Dr. PECK. Well, we are also doing a fair bit of work on platinum and——

Senator McCLURE. Let me turn that around a minute and ask you this question just this way. Doesn't it make sense that you ought to concentrate more on critical minerals that are in short supply——

CRITICAL MINERAL ASSESSMENTS

Dr. PECK. Indeed.

Senator McCLURE [continuing]. And on which we have nothing? And if, indeed, you have a program or a design in your agency you ought to concentrate your resources and your efforts in those areas rather than in the others?

Dr. PECK. Yes; I agree, Senator. And, actually we have to a certain extent done that. We've done quite a bit of work on platinum. We've——

Senator McCLURE. I wonder if I could ask you to summarize and provide for us a summary of the data, the way in which you've concentrated your resources to identify the natural resources in the areas that are critical and what you have done to use the resources that you have in those specific areas and the shifts that may have occurred away from abundance materials toward the more critical materials?

Dr. PECK. I would be pleased to.

Senator REID. Senator McClure, I think your questions are really, really good. As an example, what's happening in Nevada with gold. They are finding it everyplace.

Senator McCLURE. Yes.

Senator REID. And, they are doing it because they found a new method to process the gold. They now—in the old—when my dad worked in the mines, you know, they would pan to find out if it was worth digging anymore.

Well, now you could pan for 20,000 years and never find a color in all this very, very valuable ore. Your point is well taken.

With the critical minerals, I think we as a country aren't doing enough to develop those. And, maybe we should give the agencies more direction in redirecting resources.

Why so much emphasis on coal?

Dr. PECK. Well, of course, the Senators from the coal States would point out that much of it has already been mined, much of it has too high a sulphur content.

Senator McCLURE. I'm sure they would point that out, but they can't point to any list of critical materials in which there is listed on that a shortage of coal.

Dr. PECK. We would be pleased to supply it for the record.
[The information follows:]

The USGS Strategic and Critical Minerals [SCM] Program encompasses commodity geology investigations, mineral-resource data bases, and studies of geological environments favorable for strategic and critical minerals. The USGS has two other programs in the mineral resource subactivity that support, or offer applications for, SCM studies. The Development of Assessment Techniques [DAT] Program is the source of geophysical and geochemical methods for exploration and assessment, and of mineral-deposit models for resource analysis. In the National Mineral Resource Assessment Program [NAMRAP], these methods, models, and data bases are applied to 1:250,000 scale quadrangles and to studies of wilderness areas. The results of these studies are, in turn, used by mineral-resource geologists to improve knowledge on a commodity-by-commodity basis.

These three mineral-resource programs have evolved to an assessment of our domestic resource base in relation to foreign sources of strategic minerals. Knowledge of these domestic resources will provide insights on the ability of the United States to respond to a disruption of foreign supplies of strategic minerals. New projects are designed to address current mineral issues of national concern. For instance, geographic areas with potential for strategic minerals are given priority in the NAMRAP Program; geophysical techniques that hold promise for detecting deposits of strategic minerals are developed under the DAT Program.

In recent years, all USGS minerals programs have felt the emphasis placed on the need for minerals information for use in the wilderness decision process. However, several important projects in the Strategic and Critical Minerals Program have been initiated recently.

—A project to understand how cobalt resources are associated with the geologic structure and stratigraphy of the yellowjacket formation in western Montana and Idaho and how this understanding may be applied to mineral-resource assessment.

—A cooperative project with the Stillwater Mining Co., to study the geologic processes that led to the observed distribution of platinum-group elements in the mineralized zone of the Stillwater complex in Montana. These studies are designed to produce information that can lead to improvements in mining plans and in assessing other regions of the United States for the occurrence of platinum-group-element deposits.

—Conversion of the commodity geology task of the SCM Program to emphasize critical minerals has resulted in a cooperative project with the Geological Survey of Canada to assess areas in the United States and Canada that may host platinum-group elements in conventional and unconventional deposits.

—A new project through the six-nation international strategic minerals inventory to assess undiscovered resources on a global scale, using tin as a prototype commodity.

—A project in collaboration with the U.S. Bureau of Mines [BOM] and Asarco to study geophysical and geochemical measurements around the concealed portion of the Casa Grande West porphyry copper deposit in Arizona. The results from this project can be applied to exploration for other types of concealed deposits in the western United States.

In order to make informed policy decisions concerning energy supply, we require information as to the amount, location, and quality of coal for use in generating electricity, and the potential for substituing coal for oil and gas, when that becomes necessary.

The total coal resources of the United States are large and geographically dispersed. However, we cannot assume that all U.S. coal resources can be developed. Nor can we assume that some fixed percentage of those resources will be produced.

The amount of coal that is available for mining in a specific coal basin, State, or county/parrish depends upon a number of historic, geologic, economic, and political factors. The U.S. Geological Survey is investigating the availability of remaining coal resources in the coal fields of central Appalachia (Kentucky, West Virginia, and Virginia). This area has been subject to an extended period of intense coal mining that has depleted the resource and there are both technologic and environmental restrictions to mining the remaining coal.

BUDGET FOR CRITICAL MINERALS

Senator REID. But, I wonder if maybe, Senator McClure, the minority and majority staffs could get together and look at what we have in the budget that we are going to approve and to redirecting some resources to the critical minerals?

I just think that with all the problems going on all over the world we hear so much about them. The only thing that I've heard is that we have some place in Montana, a new mine that is——

Dr. PECK. In the Stillwater complex in Montana, there is a platinum deposit.

Senator MCCLURE. I don't want to be misunderstood about coal. I think the work that you do in coal and in coal regions is very important, and I understand why the Senators from those States are interested in what you are doing in those areas. I don't ask you to get in trouble with them.

Senator REID. And, it's a great resource that we have.

CRITICAL MINERAL ASSESSMENTS

Senator MCCLURE. Sure. But, I am very concerned about whether or not we are doing enough in the critical minerals.

Senator REID. Do you think you could do more with critical minerals if you had the resources?

Dr. PECK. Well, yes, I'm sure we could.

Senator MCCLURE. OMB won't strike you dead for saying yes. [Laughter.]

Dr. PECK. We would be delighted to work with the majority and minority staffs to lay out what we are doing on critical minerals and look at options for other activities.

Senator MCCLURE. I would ask unanimous consent that the balance of my questions be submitted in writing for a response to the record.

Senator REID. That will be the order.

Senator MCCLURE. And, I thank you.

Mr. FREDERICK. Mr. Chairman, before we leave that subject, and this is not to disagree at all with what you are saying, but we do have what we believe is a balanced program to deal with the issues that Senator McClure just described, attention to minerals and that sort of thing.

Our mineral program is on the order of $46 million. It's balanced between the—kind of a broad view which is the two degree sheets, focused on BLM wilderness kinds of issues, strategic and critical minerals, and development of assessment techniques and that sort of thing.

And, embraced within that is a focus on strategic and critical minerals. And, part of the process that we are using is to recognize that the point you were making earlier with regard to making sure this information gets out to the people who need it, in addition to our paying attention to it, is part of our programmatic process.

CRITICAL MINERALS

Senator REID. Senator McClure, my response to that though is, we are going to have $46 million and certainly that's a lot of money but it's only a small part of that $46 million that is going to be directed toward critical minerals about which we speak.

Mr. FREDERICK. Well, I think a goodly part will be focused on paying attention to those kinds of issues. And, Senator Reid, I'm not making the point to argue with your point, because I think that is valid.

I'm just saying that the program represents a reasonable balance we think. And, as far as coal is concerned, it's on the order of $6 million or thereabouts. And, that seems appropriate in terms of the relative size and interest of the programs and their activities.

Senator REID. Senator McClure, I would just interrupt and say I really appreciate your getting a dialog started because it is something that we have to watch very closely.

Senator MCCLURE. We are also driven by another thing which is not your fault, and that is that we are trying in both BLM and the Forest Service reviews to establish wilderness areas and we are right on the threshold of making all those decisions for that other one-third of the Nation's—one-sixth of the total Nation's land which is BLM land. And, we don't have enough good data really to feed into that decisionmaking.

And, I am sometimes criticized in my State for not including areas in wilderness boundaries. And, the argument goes: Well, there aren't any trees there. The timber industry isn't interested. Why don't you put it in wilderness?

Senator REID. But, it was mentioned—you may have missed that—they are completing that. They hope to have it completed by 1990 before you even give it to the Secretary to make a recommendation on BLM wilderness.

Isn't that what I heard you say?

Dr. PECK. That's right. And, we've done 9½ million acres. And, it's important for both the Forest Service and BLM to do some assessment of the potential of areas before you call them wilderness.

Senator MCCLURE. That's correct. I agree with that. But, I think you would also confess, wouldn't you, that the level of work that is done on BLM wilderness could very well be upgraded?

Dr. PECK. Yes; and, I believe we've had that discussion, Senator, over the decades.

Senator MCCLURE. Yes, sir; we have. [Laughter.]

Dr. PECK. Yes.

Senator MCCLURE. Thank you very much, Mr. Chairman.

YUCCA MOUNTAIN AND NEVADA TEST SITE

Senator REID. Back to the Yucca Mountain, you told us about some of your plans for Yucca Mountain and you went into some detail there.

I wonder if you or someone on your staff could give me an idea of how many people are presently assigned to that task?

Dr. PECK. Yes; it's somewhat over—I would like Dr. Jim Devine to come up. Jim is fresh from a meeting at the Nevada test site—he just got back yesterday—to discuss the studies coming out under both the Weapons Program and the radioactive waste isolation.

Senator REID. How many people are now assigned to the task that was described by Dr. Peck?

Dr. DEVINE. It's about 150 man-years broken out over more than 150 people because some people work only part time on that project. So, it's about a 150 man-year effort.

Senator REID. I assume what you mean is it would be like 150 people working full time?

Dr. DEVINE. Yes; equivalent to 150 people working full time.

Senator REID. You've talked about the 150 people, what about the kinds of facilities that will be required? Will there be any facilities needed to complete these studies?

Dr. DEVINE. Facilities unique to the USGS?

Senator REID. Yes; to complete these studies.

Dr. DEVINE. Relatively few for the type of work we do. The analysis work can be done in existing facilities. With the exception of the work that we will contribute once the exploratory shaft gets underway, that's a facility in itself.

Senator REID. Does this include—the 150 man-years, does this include your contract work with DOE?

Dr. PECK. This is our contract work.

Senator REID. And, this is all inclusive?

Dr. PECK. Yes; and, in addition to the 150, we ourselves contract for some activities carried out by private contractors and the Bureau of Reclamation.

Senator REID. Dr. Devine, could you provide for this record a detailed 5-year program plan for both budget—a 5-year program plan and budget for the Yucca Mountain site characterization study?

Or, is that available yet?

Dr. DEVINE. We can. However, it's basically not our budget. It's a DOE budget. They set the program. We negotiate with them what elements need to be done by the Geological Survey.

But, it's basically their plan.

[The information follows:]

USGS-NNWSI PROJECT
SITE INVESTIGATIONS
PLANNED ACCOMPLISHMENTS

FY88

Scientific investigators and management personnel will support the review and comment resolution of the Site Characterization Plan-Consultation Draft (SCP-CD) and study plan preparation will detail the level of effort of Site characterization studies. Preparation of technical procedures will continue in order to guide the implementation of Level I and II methods.

Geologic and hydrologic monitoring activities will continue to avoid the loss of irrecoverable data. These include 1) precipitation and meteorological monitoring, 2) surface-water runoff and debris transport, 3) installation of piezometers in mining-company test holes in the Amargosa Desert, 4) neutron-moisture logging at Yucca Mountain, 5) monitoring of in situ moisture conditions and gas sampling of UZ-1, 6) saturated-zone water-level monitoring, 7) seasonal determination of soil characteristics, 8) analog recharge studies, 9) operation of seismic network, and 10) releveling of base-station network, Yucca Mountain and vicinity.

Analysis and reporting of existing data will proceed throughout the fiscal year. The final geologic map of Yucca Mountain and the geomorphology of the Site will synthesize geologic information from previous data gathering. Analysis of feasibility tests for deep seismic and geophysical investigations will proceed, leading to a DOE decision on proposed studies. A detailed study will begin to determine the origin of secondary deposits of calcium carbonate and opaline silica. A detailed plan of study will be developed for a new effort to assess mineral resources. Methods development and feasibility testing will commence for 1) infiltration properties of surficial materials, 2) matrix hydrologic properties, 3) remote-sensing analysis of spring deposits and vegetation, and 4) collection and analysis of terrestrial and aquatic macro- and micro-organisms for paleoenvironmental evaluation.

Prototype geologic and hydrologic methods testing will commence in preparation for Exploratory Shaft Facility investigations. Prototype tests include 1) geologic mapping of shaft walls and drifts, 2) evaluation of drilling methods, 3) drill-hole instrumentation, 4) cross-hole testing, 5) tracer testing, 6) infiltration testing, 7) intact fractures testing, and 8) pore-water extraction.

FY89

Planning activities will conclude in anticipation of initiating field support to scheduled drilling and exploratory shaft construction. Preparation of study plans will continue with emphasis on revisions resulting from NRC review. Technical procedure development will conclude prior to start up of specific field or laboratory activities.

Geologic and hydrologic monitoring activities will continue to avoid the loss of irrecoverable data.

Field support for scheduled drilling and exploratory shaft construction will resume during the latter half of the fiscal year; following approval of study plans, land access, permitting requirements, and QA requirements. Geologic and geophysical support to scheduled drilling will include the description of cuttings and core samples, evaluations of geophysical logs, and continued correlation of subsurface stratigraphy and structure. Exploratory shaft mapping will progress in conjunction with exploratory shaft construction. Feasibility studies to investigate specific structures will determine applicability of detailed-scale geophysical techniques.

Evaluation of existing hydrochemical data of the saturated zone will identify the needs for additional sampling. Instrumentation, sampling, and sustained hydraulic measurements will resume in suspended and new drillholes

penetrating the unsaturated zone; both to define infiltration relationships and to observe moisture and flux variations. Excavation, mapping, and sampling of trenches will resume to obtain data for the investigations of secondary carbonate-silica deposits. Construction-phase testing will follow the exploratory shaft construction schedule. Prototypical testing will establish methods and procedures for hydrologic testing of the unsaturated zone in the exploratory shaft and drifts.

FY90

Principal Investigators will develop and update planning documents as necessary. New information, changes or modifications to study plans, Quality Assurance level assignments, and technical procedures will also contribute to the SCP progress reports.

Geologic and hydrologic monitoring activities will continue to avoid the loss of irrecoverable data.

The majority of USGS Site characterization field activities will begin throughout the fiscal year. Field and laboratory studies will begin following readiness reviews to work. Geologic support will continue for the drilling program. Detailed planning and contracting activities will initiate deep seismic investigations of crustal structures of possible significance to tectonic processes affecting Yucca Mountain, assuming an affirmative DOE decision. Specific structures will be investigated by detailed-scale geophysical techniques and remote sensing. Excavation, mapping, and sampling of trenches will resume to obtain data for tectonic studies. An evaluation of the acceleration attenuation will emphasize the effects of the function, parameter variability, and assumptions on ground motion at the site. Drift wall mapping and vertical seismic profiling will investigate the geology of the Exploratory Shaft Facilities (ESF) and by extrapolation, the Repository Block.

Hydrologic testing will resume to acquire data for ground-water flow-path investigations and deep unsaturated zone hydrology. Sampling will resume in the WT wells and other sampling points. Multiple-well interference testing of the saturated zone will begin at the UE25 C-hole complex, with emphasis on determination of hydraulic properties of the fracture network. Travel times in the saturated zone will be simulated as part of the flow-path investigations at Yucca Mountain. Infiltration investigations will focus on rainfall simulation testing. Several deep unsaturated-zone boreholes will be drilled and tested (air-permeability testing) as part of the ongoing investigation of the deep unsaturated zone. Monitoring of unsaturated-zone boreholes will continue following instrumentation of these wells. A model will be selected to simulate the hydrology of the unsaturated zone. Evaluation of several neutron, shallow, and deep unsaturated-zone wells will support exploratory shaft testing. Paleohydrologic studies will consist of identifying past water levels and surficial evidence of past discharge for use in calibrating regional hydrologic models. Additional analog sites will provide data to study the relationship of recharge to climate, using both hydraulic and hydrochemical observations. Proxy from the Yucca Mountain area will form the basis for regional climatology analyses.

FY91

Principal Investigators will develop and update planning documents as necessary. New information, changes or modifications to study plans, Quality Assurance level assignments, and technical procedures will also contribute to the SCP progress reports.

Geologic and hydrologic monitoring activities will continue to avoid the loss of irrecoverable data.

Geologic investigations will continue to collect data related to subsurface geology and faulting. Fracture analysis will continue on surface outcrops, on core and from borehole logs. Additional core will be obtained.

described, and their physical properties correlated with geophysical logs and site geologic descriptions. Deep seismic refraction and reflection surveys, gravity and magnetic surveys, and magneto-telluric surveys will continue as part of the effort to characterize the nature and rate of faulting. Preliminary soils investigations and surficial deposits mapping will determine the future level of effort of these activities. Quaternary fault mapping will focus on specific fault systems. In-situ stress magnitude and orientation information will be obtained from a borehole test to assess the need for additional testing. Seismic hazards assessment will continue.

Hydrologic investigations will continue to collect data related to ground-water flow paths and unsaturated-zone hydrology. Saturated-zone models will be validated with input from overall hydrologic activities. Water-table (potentiometric head) measurements will update the saturated-zone models. Single- and multiple-well conservative tracer testing of the saturated zone will begin at the C-hole complex, with emphasis on determination of porosity, dispersivity, pore-water velocity, and diffusion. Multiple-well tracer test data will be compared with geologic data and single-well results. Analyses of rainfall simulation tests and infiltration test data will focus on influx to the unsaturated zone. Analysis of deep well data will focus on flow in the unsaturated zone. The level of effort of unsaturated-zone analysis will shift to the exploratory shaft testing. Soil analyses will be evaluated for paleoclimatic information. Regional climatology analyses will be incorporated into the description of the climate of Yucca Mountain.

FY92

Principal Investigators will develop and update planning documents as necessary. New information, changes or modifications to study plans, Quality Assurance level assignments, and technical procedures will also contribute to the SCP progress reports.

Geologic and hydrologic monitoring activities will continue to avoid the loss of irrecoverable data.

Analysis of additional drillholes and field data will enhance the description of the subsurface geology in the vicinity of the site. Synthesis of geologic data will describe the lateral variations in the stratigraphy. Geophysical data will continue to be synthesized into geologic and tectonic models. Geophysical log analysis will concentrate on core holes drilled during fiscal year 1991. Ambient thermal conditions will shift to exploratory shaft testing. Site stability assessments will integrate information with respect to tectonic, topographic, and hydrographic considerations. Seismic hazards assessments will continue.

Hydrologic conditions of the saturated and unsaturated zones will begin on the basis of field investigations. Models of saturated-zone flow will incorporate hydrologic and hydrochemical data to analyze the flow and impact from various parameters. Analysis of the UE25c-well tracer tests will be incorporated into these models. Results of the C-holes tracer testing will guide a decision regarding the need and feasibility of the "Souther Tracer Tests". The "Souther Tracer Test" will begin provided a decision warrants the investigation. Hydrologic testing of the Solitario Canyon will be completed. Data from surface-based testing and comparisons with data collected during exploratory shaft activities will determine hydrologic conditions of the unsaturated zone. The Quaternary climate will be described for Yucca Mountain.

FY91

Principal Investigators will develop and update planning documents as necessary. New information, changes or modifications to study plans, Quality Assurance level assignments, and technical procedures will also contribute to the SCP progress reports.

Geologic and hydrologic monitoring activities will continue to avoid the loss of irrecoverable data.

Geologic investigations will focus on analyses to support the Draft Environmental Impact Statement (DEIS). Site-subsurface geology will provide the basis for a geologic description of the site. This description will summarize physical properties of the core. The fracture description will integrate fracture analyses from the outcrop activities and exploratory shaft mapping activities. Evaluation of tectonic processes, subsurface geometry and postclosure tectonics will summarize tectonic scenarios at the Site. The seismotectonic model of the Southern Great Basin will integrate analysis of potential seismic hazards.

Hydrologic investigations will focus on preliminary analyses to support the DEIS. Hydrochemical sampling will continue in conjunction with water-table monitoring. Analysis of multiple-well testing will emphasize application of fracture-flow models. Saturated-zone model development will provide analyses of flow paths at Yucca Mountain. Infiltration and deep unsaturated-zone modeling will continue. Pneumatic testing, hydrochemistry, water extraction, and gas sampling will provide analyses of the unsaturated-zone hydrology. A summary of the climatic conditions will conclude for the Yucca Mountain area.

FY94

Principal Investigators will develop and update planning documents as necessary. New information, changes or modifications to study plans, Quality Assurance level assignments, and technical procedures will also contribute to the SCP progress reports.

Geologic and hydrologic monitoring activities will continue to avoid the loss of irrecoverable data.

The emphasis for this fiscal year will consist of Site descriptions to support License Application. The site-subsurface geologic description will be synthesized into the license application design. The tectonic model will incorporate geophysical data from seismic, magnetic, gravity, and electromagnetic surveys; geochronologic studies; and site, regional, and geomorphic mapping. Hydrologic and hydraulic analyses and numerical modeling will describe the saturated-zone under Yucca Mountain. Unsaturated-zone monitoring and hydrologic testing, incorporating exploratory shaft analyses, will provide a preliminary description of the unsaturated-zone hydrology. Future hydrologic conditions will be assessed in terms of climatic changes and tectonic activity.

FY90 Budget Submission
Fiscal Year Spreadsheet
USGS-NNWSI Project

Description	Account	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95
Regulatory & Institutional	125G	1068	2671	2965	2544	2894	3162	3876	1528
Management & Integration	125116	69	88	93	96	103	106	101	58
Management & Integration, QA	125126	9	9	10	10	10	10	11	32
Regulatory Interactions	125216	23	127	184	251	257	259	265	88
Site Characterization Plan	125226	636	1079	720	0	0	0	0	0
Regulatory Compliance Documentation	125236	10	9	425	686	821	972	997	434
License Application Preparation	125246	0	0	0	0	60	133	698	544
Study Plan Coordination	125256	321	1037	1155	809	201	0	0	0
SCP Progress Reports	125266	0	121	182	286	353	362	371	155
Environmental Impact Statement	125326	0	1	196	405	1090	1320	634	216
Project Management	129G	3204	3767	4121	4226	4347	4310	3963	2753
Management	129116	575	685	742	777	796	804	825	418
Interface Activities	129126	0	8	8	10	12	11	9	10
Geologic Repository Program Support	129136	0	9	10	20	28	52	53	16
Records Management	129146	334	462	555	574	590	683	617	389
Project Control	1292G	890	872	883	953	979	959	896	646
Quality Assurance	1293G	1405	1732	1923	1893	1950	1880	1562	1275

FY90 Budget Submission
Fiscal Year Spreadsheet
USGS-NNWSI Project

Description	Account	FY88	FY89	FY90	FY91	FY92	FY93	FY94
Hydrology	1233G	7211	11099	13988	13012	11025	8681	7276
Site Saturated-Zone Hydrology	123331G	537	587	617	672	590	438	284
Saturated-Zone Fractured Rock Hyd.	123332G	368	389	646	568	548	530	416
Saturated-Zone Hydrochemistry	123333G	129	168	182	129	144	224	230
Regional Saturated-Zone Hydrology	123334G	221	629	670	652	336	313	225
Flow in UZ Fractured Rock	123341G	623	418	900	704	522	761	1010
Infiltration of the Unsaturated-Zone	123342G	522	301	411	359	345	377	362
UZ Percolation (Surface-based Study)	123343G	1269	2618	3160	2202	1762	1739	1416
Unsaturated-Zone Hydrochemistry	123344G	409	545	726	1093	1272	1195	1001
UZ Hydrologic System Syn. & Mod.	123345G	301	140	480	628	661	676	691
Geseous Phase Flow in the UZ	123346G	97	410	1267	1521	1012	428	284
Matrix Hydrologic Properties Testing	123347G	249	336	458	445	457	427	375
Preclosure Hydrologic Conditions	123348G	0	0	68	49	0	0	0
Paleohydrology	12335G	1172	1457	1655	1529	975	255	137
Prototype Hydrologic Testing	123361G	1334	1746	464	0	0	0	0
ESF Hydrologic Testing	123362G	0	1356	2283	2470	2408	1317	845
Sample Management Facility	12351G	48	49	0	0	8	0	0
Climate	123611G	583	737	1445	1219	1384	562	83
Erosion	123612G	0	0	209	65	0	0	0

Description	Account	FY88	FY89	FY90	FY91	FY92	FY93	FY94
Regional Surface Water Monitoring	123621G	217	489	582	650	633	403	307
Mineral & Energy Resources	12371G	305	816	988	599	0	0	0
Repository Investigations	124G	0	261	267	256	314	279	0
Prototype Geomechanical Testing	1242151G	0	261	267	0	0	0	0
ESF Geomechanical Testing	1242152G	0	0	0	256	314	279	0
Grand Total		20578	29978	40988	48020	35606	28422	20754
Systems	121G	194	209	298	309	317	324	331
SE Integration	121246	194	209	298	309	317	324	331
Site Investigations	123G	16113	23270	33337	32685	27734	20347	13384
N & I	123116	2424	2273	2463	2605	2593	2493	2181
Site Characterization Overview	12311316	733	333	370	408	428	429	384
Geologic Studies	12311326	850	784	746	885	827	823	808
Hydrologic Studies	12311336	662	842	883	913	854	737	652
Site Quality Assurance	12312G	178	313	463	479	492	503	336
Geology	1232G	5405	7807	13662	14535	12098	8208	3536
Site Geology	123211G	309	1520	3128	3841	3033	3025	1303
Gravity & Magnetics	123221G	380	542	417	421	289	24	24
Seismic Investigations	123222G	480	0	0	0	0	0	0

Description	Account	FY88	FY89	FY90	FY91	FY92	FY93	FY94
Rock Properties	1232236	200	439	458	473	487	498	139
Heat Flow	1232246	61	80	379	392	127	170	87
Remote Sensing	1232256	46	47	218	225	0	0	0
Electric & Electromagnetic Methods	1232266	47	130	321	288	189	0	0
Postclosure Tectonics	12323216	0	0	74	439	862	704	0
Evaluation of Tectonic Processes	12323226	1140	956	1567	1680	1292	230	249
Evaluation of Quaternary Faults	12323236	536	554	541	693	308	268	0
Evaluation of Subsurface Geometry	12323246	0	578	1581	1156	801	176	0
Isotope Geology	123233G	630	437	431	445	357	365	0
Historical & Current Seismicity	12323416	984	1090	1161	1031	885	1042	941
Ground Motion	12323426	128	153	512	513	520	396	161
Prototype Geologic Testing	123241G	531.28	26	0	0	8	0	0
ESF Geologic Testing	123242G	103.00	1254	2883	2936	3038	1311	632

INDEPENDENCE OF GEOLOGICAL SURVEY

Senator REID. That is one of my arguments, and I've discussed this with people in this room before. I don't think this should be DOE's budget. I think it should be your budget.

But, I didn't get a round of applause for that statement. But, that is what I feel. I think this contracting this out doesn't make a lot of sense to me.

Dr. PECK. We appreciate the thought and the confidence that that thinking shows in our organization. I'm concerned about the practical management problems that the Department of Energy is going to have trying to put together varied activities over which they don't have any control.

Senator REID. But, that's the strength of it.

Dr. PECK. Yes.

Senator REID. With the experience I've had with the Department of Energy, which I've said publicly in the past, I think they could use a little more independence. So, anyway we've talked about that.

Dr. PECK. Also, as we discussed, we welcome your continued oversight.

Senator REID. I would certainly hope that you maintain your independence. The fact that you do have this contract, you know, can cause you to become very dependent on the DOE and that is a concern that I have.

Dr. PECK. Yes; we do have a fair bit of independence under that contract, and we value our tradition of straight-speaking and we intend to continue to carry that out.

WESTERN CENTER FOR NUCLEAR AND GROUND WATER RESEARCH

Senator REID. Dr. Peck, earlier this month I introduced Senate bill 2191. It's a bill to establish—the name of which is Western Center for Nuclear and Ground Water Research.

The center would serve as a focal point for the extensive Federal research which is being conducted principally in Nevada and would provide continuing expertise in these areas after the Federal effort has subsided.

Presently, we have a number of experts on these issues who have come into the State, many of whom are Federal, from the DOE, your agency, EPA, and many others. And, there are going to be more coming.

I'm concerned that everyone will leave and the Federal programs will wind down and there will be nothing left. Water is a key to what goes on in the western part of the country.

I'm concerned that you will work to develop a plan to encourage these scientists and support staff to become part of the technical and economic fabric after your research is completed. I'm sure you see no problem with that.

Dr. PECK. I believe that Nevada should have and develop the capability to understand its water resources and to understand the nuclei

that may be in its water resources. I think it's very important to develop independent capability.

Now, I do know that there are some strengths at the university and the Desert Research Institute. I can't really comment on the advantages of the independent center in Las Vegas versus the Desert Research Institute, but I do as an individual, fully believe that this is a good opportunity for Nevada to develop that capability.

Senator REID. I would like you and/or your staff to look at this bill and give me personally your written comments on that.

Would you do that?

Dr. PECK. I would be pleased to do that.

ADDITIONAL COMMITTEE QUESTIONS

Senator REID. We've got lots of other questions, but I think that we are going to ask them in writing. I think I've seen about enough of you today. [Laughter.]

Dr. PECK. You wouldn't want to phrase that differently, would you, Senator? [Laughter.]

Senator REID. We've got other things to do, I should say. We have got a series of questions that we will submit to you in writing and we would appreciate your response.

Dr. PECK. Yes; we will be pleased to. Thank you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

GEOLOGICAL SURVEY

NATIONAL GEOLOGIC MAPPING PROGRAM

Coming from a state where the mining industry is an integral part of the economy of the state, I know how important the mapping program is. Especially when the Federal Government owns 66 percent of the state.

Through the National Geologic Mapping Program, the Geological Survey is responsible for meeting mapping needs of governmental organizations at all levels and of the public.

The Board on Earth Sciences of the National Research Council released a report entitled Geologic Mapping in the USGS. The report notes that the survey is not keeping up with the need for geologic mapping and recommends implementation of a national mapping program.

After having recently introduced the Idaho Wilderness bill, I fully understand how important good maps are to decision making. The NRC report indicates that only 20 percent of the nation is mapped at the standard 1:24,000 scale. While the NRC contends that the Soviet Union will be completely covered with 1:50,000 scale by the mid 1990's.

Question: In general, what efforts have you taken in response to the NRC study?

Answer: The USGS began the National Geologic Mapping (NGM) Program at the beginning of FY 1988. Among other things, the program has addressed map modernization and geologic mapping standards, begun a Federal outreach effort to determine Agency needs for geologic mapping, and updated digital inventories of published maps and current USGS mapping. The NGM Program's goals and objectives are commensurate with the recommendations of the NRC study and are addressed in more detail below.

Question: How does the Survey's 1:250,000-scale quadrangles provided in the National Mineral Resource Assessment Program compare with the efforts of our allies? enemies?

Answer: The multidisciplinary mineral resource assessment studies carried out under the National Mineral Resource Assessment Program provide geologic maps, as well as other geoscience and mineral-resource information, of 2-degree quadrangles at the 1:250,000-scale. Such maps do not provide the detail of a 1:24,000-scale or a 1:50,000-scale map. However, the 1:250,000-scale maps do target areas of mineral- and energy-resource potential and thus aid the Survey in setting priorities for more detailed geologic mapping and resource assessment investigations needed to quantify and qualify the resource potential and the geologic setting in which it occurs. Reliable information on the status of such efforts in foreign countries is sketchy to nonexistent.

Current records provided the following information on the status of geologic mapping:

Liberia--100% at 1:250,000
Saudi Arabia--45% at 1:100,000
China--100% at 1:100,000 and 100% at 1:200,000
Japan--60% at 1:25,000
Great Britain (England, Scotland, and Wales)--approx. 60% at 1:125,000; approx. 30% at 1:63,360; approx. 45% at 1:50,000

Question: What would be the annual efficient funding requirements to fund proposals in the NRC report?

Answer: The subject report (National Research Council, 1987, Geologic Mapping in the U.S. Geological Survey) does not identify any specific

proposals with regard to funding levels or map-production rates. The report simply recommends that:

- "The USGS should develop and adopt a long-term, stable, and evolving national program to coordinate its geologic mapping activities and the preparation of geologic maps among its branches and programs....In addition, there must be more cooperation between the USGS and state surveys and universities who are involved in geologic mapping."

- "The USGS should review and augment their geologic mapping program(s) within the context of the general need for geologic maps, and should fashion budget requests to reflect the need for these maps as essential tools for solving resource and environmental problems...."

The USGS presently is determining the level of funding required to respond to the national need for general-purpose geologic maps. This analysis involves two quantities: (1) annual production volume, and (2) the cost of producing that annual volume.

Annual production targets depend on the objective to be achieved. The objective of the National Geologic Mapping (NGM) Program is not to map every 1:24,000-scale quadrangle in the entire country (54,000+) but instead to respond to high-priority national needs as identified by the community of map users--including decision makers, planners, and scientists in the private and public sectors. A recently released report by the NRC (1988), "Geologic Mapping: future needs" has identified many user requirements regarding scale, region, and type of mapping. The USGS is supplementing this survey through an outreach process to other Federal and State agencies. The results of this outreach survey will be used to identify the most pressing needs for geologic- map information in the Nation so that annual priorities and middle-term priorities can be established. This priority-setting process will determine annual production targets, which in turn will influence annual budget requirements. Until the results of the initial user surveys are in hand, it is not possible to ascertain national priorities or to predict confidently the level of annual mapping budgets.

Accurate budget projections require that the unit cost of producing geologic-map information be identified accurately. The USGSpresently is conducting a cost-effectiveness analysis designed to compare the costs and savings associated with traditional photomechanics methods of producing geologic-map products versus state-of-the-art computer-based methods. Preliminary results of the cost-effectiveness study indicate that considerable cost savings can be achieved through the application of digital methods to geologic-map production--provided annual map-production levels are great enough to warrant the significant capital investments required for the computer-based method. Until the cost-effectiveness study is completed and digital technologies uniformly incorporated into the geologic-mapping process, it is not possible to predict accurately the level of annual mapping costs.

Question: For the record, please respond to the findings and recommendations of the NRC report.

Answer: (Responses to recommendations follow)

Recommendation 1: Develop a national program to coordinate geologic mapping activities. Cooperate more with State surveys and universities in geologic mapping.

Response: The USGS currently is reviewing and evaluating all existing projects to determine their contribution to the national geologic-map data base. We are also inventorying current mapping efforts of the USGS and State surveys. This, together with an inventory of modern published mapping, will form the base to plan new mapping. The COGEOMAP component of the National Geologic Mapping Program sponsors cooperatively funded projects that produce geologic maps in areas of mutual interest to the USGS and State

geological surveys. We continue to cooperate with State surveys in the COGEOMAP effort at the present funding level of $1.5M, supporting 28 of 49 proposals received from 35 States for FY 1988. The total offers received were for matching funds or in-kind services exceeding $3.0M. University participation is not currently funded; however, some faculty members are supported on a part-time basis for geologic mapping in areas of programmatic and scientific need.

Recommendation 2: Review and augment geologic mapping programs within the context of general need for maps and fashion budget requests to reflect this need for maps in problem solving and in mandated programs.

Response: Information on current geologic mapping is being assembled from all of the branches and programs within the Geologic Division. These data will be assessed for alignment with program goals and national needs.

When possible we will place publication of geologic maps higher on the agenda of project goals. An outreach effort to determine the geologic map needs of other Federal agencies--EPA, BLM, etc--has begun. This effort has emphasized the need for increased geologic map production to meet the demands for both detailed and customized derivative map products used in mandated and often unanticipated program requirements.

Recommendation 3: USGS should emphasize the importance of geologic mapping by increasing incentives and rewards of that activity equal to that enjoyed by authors of scientific papers.

Response: We are working to enhance the importance of geologic mapping and to consider such maps on an equal status with reports. We will monitor progress and make additional modifications to put geologic mapping at appropriate levels of recognition for promotion and award panels.

Recommendation 4: Establish a standing subcommittee on geologic mapping under the Committee Advisory to provide long-term program consistency and intellectual continuity, to review, advise, and assist program priorities, to review goals and objectives, and to provide greater national visibility on geologic mapping. Representatives should be from industry, state surveys, and academia.

Response: The USGS agrees to be a participant in discussions leading to the formation of such a subcommittee.

Recommendation 5: USGS should establish a competitive grants program to colleges and universities to support geologic mapping.

Response: USGS is studying various options related to this recommendation. However, before a decision could be made, USGS would have to seek approval and obtain funding from the Department, the Office of Management and Budget (OMB) and the Congress for such a proposal. If Federal funding is thought necessary or appropriate by the Congress, another option would be to provide funding through agencies such as the National Science Foundation.

Recommendation 6: The USGS should strive to use the mentor process for training new employees wherever time and staffing permit.

Response: Senior staff do train, guide and encourage new employees on an informal basis. USGS recognizes the merits of such a process and will work within funding and staffing resources to implement the mentor system to the fullest extent possible.

Recommendation 7: USGS should reduce time required for publication of geologic maps, using computer technology.

Response: The NGM program has a modernization of mapping component to address delays in preparation and publication. In FY 1988, $250,000 will be used to begin acquisition of computer technology. NGM is designed to increase the rate and cost-efficiency of geologic map production by adopting

new technologies in digital processing. It will develop a prototype geologic work station for compilation and analysis of geologic, geophysical, and geochemical data by digital methods, resulting in primary geologic maps and customized derivative map products ready to publish in both digital and conventional multicolored printed forms.

Recommendation 8: USGS should increase its efforts to inform state geological surveys of program and project initiatives and intentions during formative stages of their development.

Response: Although liaison with the State surveys through the American Association of State Geologists has improved over the last few years, the States have indicated a strong desire to expand their participation in developing program and project initiatives. Additional methods, such as a computerized project information data base that can be accessed by State surveys and an index map to USGS geologic mapping in progress, are being developed with States to review existing projects and to coordinate on future program plans.

MINERAL RESOURCE ACTIVITIES IN IDAHO

Even before the process Forest plans and roadless area reviews is complete for this round, it is not too early to begin preparation for the next round. When I look at the State of Idaho, it is fairly easy for me to glance at a map and indicate in general terms where I think there is mineral potential. Other, more scientific individuals, may disagree on some of the specifics but I think we could agree on where we are and where additional work needs to be done.

Question: I would like to get a brief status report on your work in some of the quadrangles in the State of Idaho. Specifically, I am interested in knowing what needs to be done to complete the necessary geologic mapping and mineral evaluations.

Answer: The National Mineral Resource Assessment Program (NAMRAP) is designed to provide a comprehensive and state-of-the-art assessment of the identified and undiscovered mineral resources of the Nation. Quadrangles (1 by 2 degrees in size; 1 by 3 degrees in Alaska) are systematically studied by multidisciplinary teams of geoscientists. Studies of seven NAMRAP quadrangles are either completed, underway, or are planned in Idaho. Mineral resource assessments of proposed BLM wilderness areas in Idaho are almost 100% complete; the four remaining areas where assessments are in progress will be completed in FY 1990.

Question: As I understand it, the Wallace quadrangle is complete and published. Is that accurate?

Answer: Yes. The Wallace folio is available to the public. The folio consists of colored maps with text, black and white maps with text, and a background circular. In addition, the folio is supplemented by numerous published topical reports.

Question: The Challis quadrangle is complete but not published. Is that accurate?

Answer: No. A preliminary Open-File Report of the Challis quadrangle has been published (USGS Open-File Report 87-480). That report contains 251 pages of text and 23 maps discussing the mineral resources of the Challis quadrangle. The manuscript for the final report is in technical review.

Question: The Dillon quadrangle is complete and the manuscripts are in the review process. Is that accurate?

Answer: Yes. Some preliminary geochemical and geophysical data from the Dillon quadrangle have been published as Open-File Reports.

Question: Field work in the Hailey quadrangle is in progress. What is the schedule for completion of this work?

Answer: Field work in the Hailey quadrangle is scheduled to be completed in FY 1989 and reports written and submitted for review in FY 1990.

Question: Preassessment work for the Elk City quadrangle is complete. What is the schedule for completion of this work?

Answer: Field studies for the Elk City quadrangle have not been scheduled pending the completion of preassessment studies in 20 other quadrangles in the conterminous United States and Alaska. Following the completion of all preassessments by June FY 1989, new NAMRAP field studies are planned to start in FY 1990.

Question: Preassessment work is under way in the Sandpoint and Jordan Valley quadrangles. What is the schedule for completion of this work?

Answer: Preassessment studies of the Sandpoint and Jordan Valley quadrangles are scheduled to begin in FY 1989. Both studies will be complete by June 1989.

Question: How are mineral assessments coordinated with the Bureau of Mines?

Answer: The USGS has coordinated mineral assessments with the Bureau of Mines (BOM) for more than two decades. Joint (USGS/BOM) mineral surveys of wilderness study areas commenced as a result of the Wilderness Act of 1964. Mineral assessments of more than 800 areas managed by the Forest Service were conducted jointly by the USGS and the BOM. After the passage of the Federal Land Policy and Management Act of 1976, similar, joint mineral surveys began on lands managed by the Bureau of Land Management. By the end of the BLM program, over 400 joint mineral surveys will be completed. Usually the USGS conducts multidisciplinary studies (geologic, geochemical, geophysical) to determine the potential for undiscovered resources of the area, while the BOM studies mines, prospects, and mineralized areas to determine the extent of identified (known) mineral resources. The final results of these studies are jointly authored by professionals from both agencies, although each agency may release its data or interpretations in separate, ancillary reports. In addition to the wilderness studies, the USGS and BOM are working together on forest-wide mineral assessments, and, in the future will work cooperatively on other projects involving public lands.

Mineral assessments under the AMRAP and CUSMAP components of the USGS National Mineral Resource Assessment Program (NAMRAP) have not been done jointly with the BOM, although BOM published and unpublished data have been used in the USGS research. Examples are the mineral production analyses done for the Charlotte, North Carolina/South Carolina quadrangle, and the Sherbrooke/Lewiston quadrangles in Maine, New Hampshire, and Vermont. One recent study in the Tonopah, Nevada quadrangle included a BOM analysis of potential mineral supply.

KENTUCKY'S GEOLOGIC EFFORT

In 1960, the Survey began a cooperative program with the Kentucky Geological Survey to map the geology of the entire State at a scale of 1:24,000. This program was completed in 1978 with the publication of the last quadrangle reports. The total cost of the project was just under $21 million and was shared equally by the Federal Government and the State.

Question: What has been the economic benefit of this effort to the State of Kentucky?

Answer: An indication of the economic benefits of the Kentucky statewide mapping program is given by the map sales data. By 1979, one year after the program ended, more than 100,000 new geologic maps had been sold by the State of Kentucky. Of these, the largest number were in the area of the eastern Kentucky coal field. Second in demand were those of the western

Kentucky coal field, and third were in the western Kentucky fluorspar district. Map sales are greater for areas near urban centers than in open countryside. Some examples of the direct benefits related to mineral commodities follow (from USGS Circular 801, 1981):

The revised correlation of the No. 4 coal bed in western Kentucky may have doubled the coal reserves in that area, increasing the reserves by several million tons.

A 70 to 80 million-ton coal field was reportedly found by use of the new maps.

The precise location of drill holes on the maps allowed additional coal in those vicinities to be legally recovered, having value in 1973 of $75K per quadrangle in Henderson County.

Exploration along one newly mapped fault in western Kentucky resulted in the discovery of a fluorspar body of greater than 100,000 tons, valued in 1977 at $9 million.

According to State officials, problems in slope stability along highways have been largely eliminated because of the new geologic maps. The savings to Kentucky have been estimated at $750,000 to $1 million annually.

The Kentucky Department of Commerce stated, "The sheer force of recognition that we are receiving from this program is causing Kentucky to be considered by industry as never before. Because of the availability of this information, Kentucky has an advantage over other areas in attracting new and expanded mineral industries."

Question: Do we know what the economic benefit is of the mineral potential on roadless areas in this country?

Answer: Mineral Resource studies were conducted on certain roadless areas identified through the Forest Service's RARE II program by the Geological Survey and the Bureau of Mines under the mandate of the Wilderness Act of 1964. Similar studies have been conducted and are still underway on areas proposed for wilderness designation by the Bureau of Land Management. These studies result in estimates of the undiscovered mineral resource potential of such areas. These estimates are given to the Bureau of Mines for combination with the identified resources so that the economic value can be evaluated. However, many roadless areas have never been studied for their identified (known) and undiscovered mineral resources. Therefore, the likelihood of undiscovered mineral resources and the economic benefit that could be derived from them are unknown.

Question: How do you use the success in Kentucky as an example for other States to proceed with a similar effort?

Answer: A summary report of the Kentucky Project (USGS Circular 801, 1981) provides a clear analysis of the procedures, results, problems, costs, and some economic benefits to the State of Kentucky, as well as the scientific benefits to the Nation. This report provides many lessons for similar efforts in the future.

The State of Missouri, for instance, in its 1987 Geologic Mapping Plan cites the Kentucky project as the best documentation of the benefits of geologic mapping. A consultant (1968) indicated the potential value of the maps of Kentucky by stating that, if similar maps had been available in southeastern Missouri, $25 million could have been saved on a $750 million exploration program. These voluntary statements indicate the value other States might realize from investing as Kentucky did in Statewide geologic mapping.

NATIONAL COAL RESOURCE DATA SYSTEM

As part of the Coal Investigations program, the Survey conducts a National Coal Resources Data System (NCRDS) which is a coal data base developed to

facilitate coal related policy analysis and decision making at all levels of Government and the private sector. As part of this responsibility, NCRDS is designed to generate assessments of coal quantity and quality by region, state, county or smaller subdivision as required. Essentially, this program is a computer data base which can be used to produce computer-drawn resource maps of various types.

I do not, however, see a similar program for strategic minerals. The National Mineral Resource Assessment Program conducts investigations of known mineral resources and the Strategic and Critical Materials program provides information on domestic and world resources of nonfuel minerals. Neither program, however, provides the same dissemination process that is available through the National Coal Resources Data System?

Question: How is the strategic mineral data disseminated?

Answer: The Survey generates information concerning strategic minerals through two of its programs: (1) the National Mineral Resource Assessment Program (NAMRAP) and (2) Strategic and Critical Minerals (SCM). NAMRAP provides comprehensive, modern assessments of identified and undiscovered mineral resources in the conterminous United States and Alaska to determine areas that have significant mineral potential. The information is made available through the publication of multi-component folios and through public workshops widely attended by Federal, State, and local governments, industry, and academia. SCM provides comprehensive information on domestic and world resources of nonfuel minerals that are essential to a strong economy.

Information is made available through published studies and maps, through data exchange with cooperating Federal and State agencies and foreign countries, and through handling Federal, State, private, and foreign requests concerning identified and undiscovered mineral occurrences and related deposits information, using the Mineral Resources Data System (MRDS). The MRDS databases include the International Strategic Minerals Inventory and the larger mineral deposits database. Collectively, the system includes some 90,000 records and approximately 100 major fields of data. The MRDS is supported by a computer system making use of a relational database management system. Mineral Information Offices (MIOs) in Washington, D.C.; Reno, Nevada; Spokane, Washington; and Tucson, Arizona, will provide users with direct access to MRDS over and above the current access which users have through the present request system.

Question: What are the advantages of this process compared to the NCRDS process?

Answer: The nature of the data housed in the NCRDS and the MRDS is different. The NCRDS contains more numeric data and lends itself more readily to the generation of statistical summary tables than MRDS does. MRDS houses data for a number of strategic minerals, but these data are more descriptive in nature than the coal data. Thus, the MRDS is advantageous in its ability to serve as a repository where geologists can enter descriptive information as well as numeric data. This creates a database library that is easily accessible for public sector and private sector geologists to use for mineral resource assessments and mineral exploration.

Question: What would be the cost requirements for a computer system similar to the NCRDS for strategic minerals?

Answer: MRDS is primarily a library for geologic characteristics of mineral deposits and occurrences that are used to develop a regional framework for estimating resources in undiscovered deposits. These estimates are presented in publications of the USGS Office of Mineral Resources. The Bureau of Mines has responsibility for identified resources of particular commodities, and stores this information in the Minerals Availability System.

Although the computers used by the MRDS and MCRDS are nearly identical and the relational database managers have the same relative capabilities, detailed reserves figures for strategic minerals, unlike coal, are unattainable because most of these data are held by industry and are viewed as proprietary. The Bureau of Mines has gathered such data through contracts to private companies. The cost of a data system for each strategic mineral commodity in the same detail as afforded to coal would depend on the mineral commodity in question. For copper, lead, zinc, or gold, system costs would be comparable to coal; this would require an estimated $4 million per year for 10 years. This amount includes approximately $2 million per year for data collection, however, as mentioned above, it is not known if such data could be collected. For manganese, chromite, platinum group metals, rare earths, or beryllium, the smaller number of deposits might make it possible to create a system, if the data were released, at a lesser cost than coal.

MAPPING OF THE EXCLUSIVE ECONOMIC ZONE

The Survey recently completed mapping approximately 1 million square nautical miles of the exclusive economic zone off the western conterminous U.S., Gulf of Mexico, and the Puerto Rico/Virgin Islands. In addition, I believe the EEZ off the Atlantic coast has also been completed.

At the same time, however, the production of geologic maps has declined significantly since 1978. (pg. 102)

Question: What was the cost of the EEZ mapping effort?

Answer: The total cost for the EEZ mapping program as described in the budget submission since its start in 1984 is:

FY 1989 (Estimate)	$11,988,000
FY 1988 Appropriated	8,300,000
FY 1987	8,219,000
FY 1986	8,441,000
FY 1985	5,080,000
FY 1984	4,694,000
Total	$46,722,000

Through the end of FY 1987, over 1 million square nautical miles (approximately one-third of the EEZ) of the sea floor were mapped using the GLORIA system. An additional 250,000 square nautical miles are scheduled for mapping in both FY's 1988 and 1989. On a cost per acre mapped basis, the USGS has expended $.02 per acre for this effort. The value of the data obtained greatly exceeds its cost.

OFFSHORE GEOLOGIC FRAMEWORK PROGRAM

You have requested an increase of $3.0 million (+12 percent) in FY 1989 for the Offshore Geologic Framework program (pg. 138). The increase is proposed for:

1. the rescheduling of additional "ground truth" surveys on the EEZ off the coasts of Washington, Oregon and California;

2. initial verification of surveys following completion of sonar surveys of the EEZ in the Gulf of Mexico, Puerto Rico, American Virgin Islands;

3. investigations of the geologic framework of the U.S. continental margins.

I note that you have proposed a $400,000 reduction in FY 1989 for the National Mineral Resource Assessment Program (pg. 139). This program is designed to provide a comprehensive, modern assessment of the identified and

undiscovered mineral resources of the conterminous U.S., Alaska and U.S. territories.

The EEZ is an important frontier area for oil and gas resources but I question the logic of further increasing our effort offshore before we complete the geologic mapping of federal lands.

Question: Would you care to comment?

Answer: The offshore EEZ effort, as described in part in answer to a previous question, provides us with an opportunity to study, through verification, ground-truthing, etc., modern analogs of processes recorded in the geologic record onshore. For example, the study of active ore-forming areas associated with seafloor spreading in the EEZ are supportive of the onshore resource assessment effort. These studies afford us the opportunity to observe ore genesis first hand with all the subtleties present that are lost in the geologic record observable in onshore deposits. These studies also enable, through the development of mineral occurrence models, better assessment of the mineral and energy resources of onshore Federal lands. The requested increase is to enable us to expand our research of these vital areas.

With respect to the status of geologic mapping and mineral and energy resource assessment of Federal lands, numerous investigations of the Forest Service roadless areas in the western U.S. have been completed and several are underway in the east in areas covered by active CUSMAP projects. All proposed BLM wilderness areas will be surveyed to determine their mineral potential by the end of FY 1990. In FY 1988, we initiated a mineral resource assessment of the White River National Forest in Colorado. Within our proposed budget, this assessment will be completed in FY 1989. Mineral resource surveys of Indian lands, including geologic mapping, are carried out on a reimbursable basis at the request of BIA and the tribe. Geologic mapping of areas of rapid urbanization, areas being considered for construction of critical facilities or waste disposal, or areas considered to have high potential for energy and mineral resources is considered to be of highest priority, regardless of whether or not they are on Federal land.

Question: It appears that you are funding the offshore effort at the expense of the onshore effort level. Is the offshore potential that much greater?

Answer: The increase in the offshore effort is being funded by the redirection of $1.5 million from the Uranium/Thorium Program and by $1.5 million of new funding. While the oil and gas potential of the EEZ is fairly well documented; the mineral resource potential, while believed to be extremely large, is poorly understood and documented. The delineation of these potential mineral resources is of vital concern to the Nation.

The offshore may have the only domestic sources for many strategic and critical minerals upon which our economy and defense depend and which we are currently importing. The object of the EEZ mapping effort is to provide the base maps, regional characterizations, and data interpretation sufficient to allow industry to formulate exploration plans for this frontier area in much the same manner as on land.

Question: Please provide for the record the impact of a $1.5 million shift from the FY 1989 request for the Offshore Geologic Framework program and into the National Mineral Resource Assessment Program?

Answer: An addition of $1.5 million dollars into the National Mineral Resource Assessment Program base would allow the initiation of field studies in two quadrangles in the conterminous United States in which new starts have been deferred due to the impact of the BLM wilderness studies.

A reduction of $1.5 million from the Offshore Geologic Framework Program would require deferring verification studies in target areas in the EEZ. These verification studies will provide necessary information to characterize the mineral and energy resources of the EEZ. Identifying the

resource potential of critical and strategic minerals in the EEZ is important to the Nation. The information base that we are developing on mineral systems of the seafloor is directly applicable to mineral exploration on land.

ADVANCED CARTOGRAPHIC SYSTEMS

You have requested a $4.5 million increase (+34 percent) in Advanced Cartographic Systems (pg. 49). This increase continues a six to seven year effort which began in FY 1986 to develop a state-of-the-art system for generation and revision of cartographic products.

The FY 1989 increase is required for the procurement and implementation of advanced cartographic systems.

Question: By fiscal year, what are the funding increments you anticipate to complete this effort?

Answer: Following is the estimated funding required to develop the production capacity to revise and digitize 5,000 primary maps per year.

(Dollars in millions)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
Total Funding	7.1	12.2	13.2	17.7	33.0	47.5	66.1	14.4
Increments		5.1	1.0	4.5	15.3	14.5	18.6	-51.7

Beyond FY 1993 when ACS is operational, an estimated $14.4 million will be required annually for system update and maintenance.

Question: What is the status of the economic analysis of the primary mapping program initiated last June?

Answer: The first phase of the study is complete. Findings and conclusions drawn in the first phase are:

1. Use of Geological Survey primary map information is pervasive in government and industry.

2. Use of digital cartographic data is widespread and is expanding dramatically.

3. Timely revisions are essential for almost all applications that use primary map information.

4. Significant duplication of effort will occur if the Geological Survey is not able to meet user requirements for primary map revision.

The second phase, which completes the study, is expected to be complete this summer. It is an examination of the estimated benefits and costs of various map revision cycles. Results from this analysis will provide a basis for informed decisions on the appropriate map production capacity for revision and digitizing primary maps.

EARTH RESOURCES OBSERVATION SYSTEMS (EROS)

A $1.5 million programmatic reduction is proposed for the Earth Resources Observation Systems (EROS). This program currently maintains a growing archive of over 6 million photographs and a variety of other remotely sensed data.

Question: If this reduction is not restored, what will be the reduction in reimbursable revenue to the Survey? What are the sources of those funds?

Answer: A reduction of $1.5 million in the EROS appropriation will result in a corresponding reduction of roughly $1.5 million in reimbursable revenue to the USGS generated through cooperative activities carried out at the EROS Data Center (total Data Center operating costs are roughly $16.5 million in FY 1988). Specific activities impacted through the reduction in base appropriations include custom enhanced products and information derived from satellite (Landsat, SPOT, and Metsat image data) for USGS geologic, hydrologic, and cartographic activities; for several Bureaus and Offices of the Interior Department; and other Federal agencies including NASA, DOD, AID, and the intelligence community.

It should be noted that a major source of reimbursable funding, $5.2 million in FY 1988 from NOAA for the USGS and the EROS Data Center, is for support of Landsat 4 and 5 data operations and archiving. This funding is expected to be significantly reduced in FY 1989 and no source of funding for preservation and archiving of the Landsat data acquired over the past 15 years has been identified.

Question: If you are not providing this service, where will the users turn?

Answer: These users of EROS services provided by the USGS may be required to establish capabilities within their organizations with associated capital and operating costs to conduct research projects, develop single-purpose data bases specific to their needs from a variety of Federal, State, and private sources, and develop expertise to identify requirements for and produce specialized remotely sensed data products. Over time, a central source of information and expertise will be effectively eliminated, and users' costs and time to identify sources and acquire basic and specialized data for research projects will increase further.

Question: Will emergency requests be impacted by this reduction?

Answer: No direct impact to the supply of products to satisfy emergency requests is anticipated; however, some delay in responding to these requests may occur.

Question: What is the status of the report on the EROS Data Center requested in the FY 1988 Continuing Resolution?

Answer: The draft report is nearing completion. The Department has requested that the report be submitted to the committees by July 1, 1988.

EARTHQUAKE HAZARDS REDUCTION PROGRAM

A $2.5 million programmatic reduction is requested for the Earthquake Hazards Reduction Program (pgs. 67-77). The objective of this program is to evaluate earthquake potential of seismically active areas in the United States. This program is coordinated with several other Federal agencies in an effort to prevent life threatening disasters as a result of earthquake activity.

The reduction is proposed primarily in the areas of regional earthquake monitoring and earthquake prediction research. Regional monitoring of active fault zones and tectonic structures in certain areas, like Alaska, will be eliminated or reduced.

Question: Does this proposed funding reduction correspond with a scientific belief that there is a decreased risk of an earthquake in Alaska in FY 1989?

Answer: No. Programmatic reductions require reduction in regional earthquake monitoring in the western United States and sparsely populated portions of Alaska.

Question: What areas of this program are to be tapered or eliminated as a result of this reduction?

Answer: Reductions are planned in program and geographic areas where postponement or elimination of activities will be least disruptive. For example, field geodetic measurements in the Pacific Northwest, intended to provide further knowledge regarding the potential for a major earthquake in that region, will be eliminated in favor of higher priority measurements in southern California where the potential for a major earthquake is well-established. While the average frequency of geodetic measurements in California will be reduced, adequate data will be obtained to monitor the long-term regional accumulation of elastic strain. Regional seismic monitoring of active fault zones and tectonic structures in areas of low population density, such as Alaska, northern Nevada, Montana, Idaho, and western Utah, will be eliminated or reduced.

VOLCANO HAZARDS PROGRAM

In FY 1988 $500,000 was added for volcano hazards to monitor the Augustine volcano in Alaska (page 90). The capability statement prepared for this request indicated that a major portion of this increase was proposed to be used by the Survey to purchase equipment. You have not requested to retain these funds in FY 1989.

Question: What has been done with these funds to date?

Answer: $250,000 has been committed for purchase by the USGS of 5 new seismograph stations and for installation in USGS offices in Anchorage of a computer system to detect and locate earthquakes; $250,000 has been committed to the University of Alaska Geophysical Institute in Fairbanks for development of seismic analysis and interpretation capability.

Question: Are there adequate funds in the FY 1989 budget to operate that equipment?

Answer: In order to achieve the Administration's goal of not increasing the Federal deficit, amounts added by the Congress above the FY 1988 Budget were not continued in the FY 1989 budget for programs throughout the department. Within the level-funded program, higher priority monitoring and hazards assessments will be carried out at Mount St. Helens and other Cascade volcanoes and on the Island of Hawaii.

Question: If no, and these funds are not restored in FY 1989, what will be done with the equipment?

Answer: USGS seismometers will remain in place around the Cook Inlet; however, telemetry, computer processing, and interpretation of the seismic data will be discontinued.

GEOMAGNETISM

You have requested level funding for Geomagnetism in FY 1989 (pg. 124).

Question: Are there any plans to close any geomagnetism observatories in FY 1989?

Answer: Under level funding for Geomagnetism in FY 1989 there are no plans to close any geomagnetism observatories, although field work and quality control to verify geomagnetic data will be slightly reduced.

COASTAL EROSION

You have not requested any funds in FY 1989 for coastal erosion because the Department believes that this research would best be accomplished through State and local efforts (pg. 130).

Question: What will be accomplished with the $3.5 million provided in FY 1988?

Answer: Louisiana Barrier Island studies in FY 1988 include:

(1) Experiments to determine offshore sand transport and overwash transport during winter storms.

(2) Analysis of data collected for the Chandeleur Islands.

(3) Completion of geophysical surveys of the study area.

With respect to the Louisiana wetlands, the USGS co-sponsored a technical workshop attended by researchers to identify research needs and this year initiated a phased study addressing the more important of the needs. A study plan for wetlands loss has been prepared in cooperation with the U.S. Fish and Wildlife Service. The plan was submitted to the Congress in March. Research outlined in that plan is currently underway.

In FY 1988, the Survey will continue field studies begun last fall in Lake Michigan to collect information to determine the extent of erosion and provide geologic information useful in investigating the effects of erosion. This work is being conducted in cooperation with the Illinois and Indiana Geological Surveys.

Specific efforts include:

Obtain long piston cores in deep water and vibracores in shallow water in several transects of the southern half of Lake Michigan in order to recover a complete sedimentary record of events in the lake basin. Collect high-resolution seismic-reflection profiles to examine stratigraphic relationships and integrate them with the stratigraphy determined from the cores.

Begin mapping and vibracore transect of Toleston Beach, Indiana-Illinois, in order to determine lake elevations associated with beach ridge complexes and to obtain samples for dating those lake levels.

Obtain samples for additional age estimates and cross checks.

Complete reconnaissance of beach-ridge localities in the northern part of the Lake Michigan basin.

Begin topical research to determine actual past lake elevations and to reconstruct depositional environments related to different lake levels.

Question: Has this effort been successful?

Answer: All of the efforts described above have been very successful. Reliable and sound scientific information is being derived from the studies and the results are being used by Federal and State coastal managers and engineers. For example, the pilot geophysical surveys conducted in southern Lake Michigan in September 1987 at a cost of approximately $50,000 are providing extremely valuable information to the Army Corps of Engineers, State of Illinois, and City of Chicago. The findings are being used in the rehabilitation of shore structures designed to protect shore property valued at billions of dollars. Interpretations of the sidescan sonar images acquired in 1987 have clearly identified the location and extent of underwater damage. The cause of the damage has proved to be considerably different than originally thought. As a result, the cost of repairing the damage will be considerably less.

Question: What have you done to secure State and local funds for this project?

Answer: The studies being carried out by the USGS in both Louisiana and Lake Michigan involve cooperative working relationships with the respective State Geological Surveys and with the local university research community. Formal cooperative agreements are in effect with the Louisiana Geological Survey, Illinois State Geological Survey, and the Indiana Geological Survey, and matching funding is provided by each.

SAN ANDREAS-GLORIETA AQUIFER

In FY 1988 $600,000 was provided for test drilling and associated analyses of the San Andres-Glorieta aquifer in New Mexico to assist in the settlement of water rights issues involving the Acoma-Pueblo Indians.

Question: What is the status of this analysis? Please provide for the record a breakdown of the necessary funds if the project were not rescaled and/or curtailed.

Answer: Since 1983, the U.S. Geological Survey (USGS) has conducted a water-resources investigation of the San Andres-Glorieta aquifer system in cooperation with the Acoma and Laguna Pueblos, the New Mexico State Engineer, and the Bureau of Indian Affairs (BIA). The results of the investigations will be used to help settle a water-rights suit that the Acoma and Laguna Pueblos have filed against 1,600 non-Indian water users in the Rio San Jose Basin. Adjudication is pending in the State court.

The Acoma and Laguna are concerned that off-reservation withdrawals of ground water will deplete the resource under their land. Prior to the start of the investigation, the amount and quality of available ground water was unknown. Poor quality ground water was known to exist, and, if widespread, it would limit development of the resource.

In 1984, a well drilled by the BIA encountered water of good quality. In FY 1986, the Congress added $600,000 to the USGS budget for additional test drilling. The purpose of the additional test drilling was to provide additional information on the hydrologic properties of the aquifer, provide better information for developing a model of the ground-water flow system, and define the extent of the good quality water.

In FY 1986, three new wells were drilled in addition to three wells that had been planned as part of the investigation. The test holes provided extremely useful information about the hydrologic properties of the aquifer and improved the ground-water flow model, but poor quality water was encountered in all wells, leaving the extent of the good quality water unresolved.

In FY 1988, $600,000 again was added for test drilling to determine the extent of good quality water that was encountered in the well drilled by the BIA in 1984. Currently, seven sites have been selected for drilling, and as many as five wells may be drilled. Drilling is expected to start in July or August and be completed by October. Currently, a final report is being written and will be completed in early FY 1989.

WATER RESOURCES SCIENTIFIC INFORMATION CENTER (WRSIC)

The Water Resources Scientific Information Center (WRSIC) is a national program for acquisition, indexing, and abstracting the world's scientific and technical literature in the water resources field. For FY 1989, you have proposed a $900,000 reduction that would involve the elimination of this program (pg. 201).

Users of the program (Federal agencies, the research community, and private organizations) requesting the services of this program would be referred elsewhere to seek assistance.

Question: Is there another single source in the world for his information?

Answer: No, there is no other single source. Other abstract services and data bases cover some individual categories of information in the water-resources field such as Chemical Abstracts (chemistry of precipitation, wastewater treatment); Biological Abstracts (limnology, pollution effects); Compendex (engineering hydraulics, structures); and GEOREF (geohydrology).

Question: If the program is eliminated, what would you do with the data base?

Answer: Upon termination of the WRSIC Program, no new scientific abstracts would be added to the data base. The WRSIC data base, in its FY 1988 form, would remain accessible through those repositories (e.g., libraries) who chose to retain it and continue to make it available.

Question: Is it efficient to charge a fee for those services?

Answer: There presently is a user fee structure associated with accessing the WRSIC data base. The WRSIC data base is accessible through the DIALOG system (operated by a private firm) with user charges as follows:

-- Interactive search - $84.00 per hour, exclusive of printout
-- Printing - 45 cents per abstract if printed by DIALOG
-- Printing - 30 cents per abstract if printed on individual's remote equipment

These fees are set by DIALOG to recover the firm's marginal cost (including a payment through NTIS sufficient to cover USGS costs in furnishing updated copies of the data base). We assume DIALOG's fees also provide for a reasonable profit given market demand.

WATER INSTITUTES

The Water Resources Research Institutes Program has been proposed for reduction once again this year. The request for FY 1989 is for $5.6 million, a reduction of $2.8 million from the FY 1988 enacted level (pg. 252).

According to your justification this reduction would result in a decrease of the amount granted to each Institute from $105,000 to $52,000.

Question: Will any institute be forced to suspend its program if Federal funding was $52,000 in FY 89?

Answer: To our knowledge, no Institute would be required to suspend its program in FY 1989 at the level requested by the President.

Question: How do you think an institute would change its program to accommodate this decrease?

Answer: The manner in which an Institute would change its program to accommodate a decrease of this amount would be different for each Institute, depending upon other sources of funding available to the Institute.

GRANTS RESEARCH STUDIES

In FY 1988, you proposed a reduction for the grants program from $4.4 million to $1.8 million. The justification indicated that at the proposed level for FY 1988 you would do four less research projects. Congress restored the funds for FY 1988, but your FY 1989 justification indicates that there were only 34 research studies supported.

Question: Why the reduction from 38 to 34?

Answer: Estimates contained in the President's Budget are developed 18 months prior to the actual selection of grant proposals for award. The

procedure for estimating the number of grants that may be awarded with the funds requested in the President's Budget is straightforward; the average value of grants actually awarded in the prior year is used to derive an estimate of the number of grants that can be supported with the total funding being requested for the grants program.

In the President's FY 1989 Budget, we estimate that 14 research grants can be supported. This estimate reflects the actual Federal cost for research grants in FY 1987 (the last selection), which ranged from $48,000 to $250,000, with an average Federal project cost of about $129,000. A budget request of $1,810,000 would enable support for an estimated 14 grants.

The number of grants currently estimated for FY 1988 (selections have not yet occurred) is 34, as shown in the President's FY 1989 Budget. This is derived by dividing the FY 1988 appropriation of $4,381,000 by $129,000. When the President's FY 1988 Budget was initially developed (December 1986), the average cost of FY 1986 grants awarded was used; this was $115,000. The base funding level reflected in the FY 1988 President's Budget was $4,381,000 which, when divided by $115,000, yielded the estimate of 38 grants that could be supported.

Question: If Congress restored the funds in the FY 1989 cycle, how many research projects would the Survey support?

Answer: If the Congress restored the funds in FY 1989, the Survey would be able to support approximately 34 research projects, assuming an average project cost of $129,000.

DATA COLLECTION AND ANALYSIS

You are proposing a $2.6 million reduction (-5 percent) in the Federal/State Cooperative water program (pg. 245). In many places, this program provides the only sources of support for water data collection and investigations required to assess, on a continuing basis, the status of the Nation's water resources. Perhaps more importantly, the program is carried out with a 50-50 match from states.

Question: Have states indicated a reduced interest in this program?

Answer: No, the States have not indicated a reduced interest in the Federal-State Cooperative Program.

Question: Since this is the only source for water data collection in many areas, have you identified another source of support for this program?

Answer: No, we have not yet identified another source of support for these data collection activities.

U.S.G.S. REPORT ON OIL AND GAS RESERVES

A couple of news articles this month quoted statistics from a Geological Survey study which estimated that there are a total of 33.4 billion barrels of discovered and undiscovered oil reserves in the lower 48 and Alaska (both onshore and offshore). Of the total, you estimate that only 25.7 billion barrels are economically recoverable based at a price of $18 barrel. According to your estimates, none of the oil and gas reserves projects for ANWR are recoverable at $18 a barrel.

Question: At what price per barrel do you estimate oil and gas reserves would be recoverable from ANWR?

Answer: According to our estimates, ANWR is a very promising area even at $18 a barrel. The gas is recoverable by conventional methods; however, because there are no transportation facilities, the gas cannot be marketed at prevailing prices.

Question: What does private industry see in ANWR that you do not?

Answer: Industry, like DOI, believes ANWR is one of the most prospective areas for finding new major discoveries of oil and gas in the U.S. today.

Question: When do you expect to release this report in full for public comment? Please supply a copy of this report for the record.

Answer: A working paper which describes the details of the methodology, geologic, economic, and engineering assumptions, and preliminary assessments has been distributed for external review. A final report is expected to be released by the end of the year or early next year. Copies of this report will be provided for the record when available.

WASHINGTON POST ARTICLE

A Washington Post article earlier this month indicated that the report has not been released so the Department can review the method used to calculate the resources.

Question: What method was used and why is it controversial?

Answer: The method employed is one involving play analysis. Using this method, a play is a collection of accumulations conceived as having similar geologic risks and sharing common geologic elements, such as a known or suspected trapping condition, which may be structural, stratigraphic, or a combination of both. In the play analysis assessment method, geologic settings of oil and gas occurrence are modeled. Geologists make judgments as to the probability of occurrence of the geologic factors necessary for the formation of oil or gas deposits and quantitatively assess accumulation sizes and numbers as probability distributions. The method is not controversial, however, some of the assumptions may be controversial.

Question: Do you anticipate the method will be revised before the final report is released?

Answer: We have asked a National Academy of Science Committee to review the methodology and its application. That review will be completed prior to the release of the final report.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

In fiscal year 1988, USGS initiated a volcano monitoring program in Alaska, in conjunction with the University of Alaska. Monitoring is centered on Augustine volcano, which is near Anchorage. Augustine erupted in 1986, disrupting air traffic in Anchorage for 3 days. Augustine had erupted in 1973 and has been erupting on a regular basis.

Question: Does the USGS recognize the importance of volcano monitoring in the Cook Inlet area?

Answer: The USGS considers volcano monitoring in the Cook Inlet area to be an important aspect of the Volcano Hazards Program.

Question: The President's budget for fiscal year 1989 includes no funds for volcano monitoring in Alaska. How does the USGS justify abandoning this program which was just initiated?

Answer: In order to achieve the Administration's goal of not increasing the Federal deficit, amounts added by the Congress above the FY 1988 Budget were not continued in the FY 1989 budget for programs throughout the department. Within the level-funded program, higher priority monitoring and hazards assessments will be carried out at Mount St. Helens and other Cascade volcanoes and on the Island of Hawaii.

Question: How would USGS propose to warn the residents of Anchorage and the Cook Inlet region of possible eruptions in their region?

Answer: A skeletal seismic network will provide some early warning of possible earthquake activity precursory to a volcanic eruption.

ALASKA MAPPING

Funding for mapping in Alaska during fiscal year 1988 is approximately $4,540,000. The President's budget for fiscal year 1989 provides only $1,936,000 for mapping operations. This is a reduction of $2,604,000.

Question: What projects are being put off so that this reduction can be made?

Answer: Funding for the various activities of the National Mapping program are requested and appropriated, based on national mapping needs as determined from Federal and State agency requirements which are solicited annually. The variation of annual distribution of Federal mapping funds in any given State, therefore, is a function of the requirements for map data and products and also is affected by the availability of State cooperative funds.

The average level of funding for mapping activities in Alaska for the last five years is just over $4.0 million. This funding has supported an intensive effort to make available primary maps of Alaska and to produce orthophotos in support of the Alaska Native Claims Settlement Act (ANCSA) and the Alaska National Interest Lands Conversation Act (ANILCA). However, to respond to similar high priority mapping requirements in other parts of the Nation, some Alaska mapping projects are being delayed. These include a ten-quadrangle primary - 1:63,360 scale-map revision project in the Anchorage area and seven larger scale - 1:25,000 scale - revision projects — totalling 87 quadrangles in the areas of Anchorage, Fairbanks, and other urban areas.

Question: What projects will be carried out during FY 1989 with the funds requested?

Answer: Mapping projects to be continued during fiscal year 1989 include a mixture of activities. Work on the remaining 124 new primary maps will continue so that state wide coverage will be available in 1989. An estimated 250 orthophoto- quads will be produced in fiscal year 1989. Digital cartographic data from the primary maps will be collected for 25 quadrangles. Also, between 6 and 10 1:250,000-scale Landsat land cover digital and graphic products are planned for fiscal year 1989.

Question: Is U.S.G.S. planning to abandon mapping efforts in Alaska, or does the agency intend to ask for restored budgets in future years?

Answer: The U.S.G.S. has no intention of abandoning mapping efforts in Alaska, or any other State. In the future we plan to meet the growing need to maintain the valuable inventory of cartographic data by revising as necessary existing maps at all scales, preparing additional larger scale maps in selected areas, preparing additional and new orthophotoquads against explicit requirements, collecting digital cartographic data, and preparing required image and other products. As we see it, approximately $1,750,000 - $2,000,000 is the appropriate current level of funding to respond to higher priority mapping requirements in Alaska.

QUESTIONS SUBMITTED BY SENATOR DON NICKLES

Question: Does the USGS regularly report on undiscovered oil and gas resources in the United States?

Answer: The USGS produces updated estimates of onshore oil and gas resources on a frequent but not regular basis, as dictated by need, data changes, and exploration activity. Reports on the undiscovered oil and gas resources were published in 1975 and 1981.

Question: Does each of the USGS reports build on the previous reports, or is each study independent and unrelated to earlier studies?

Answer: The studies in all cases build upon earlier studies. However, methods and assessments are evolutionary and change through time.

Question: What is the status of the preliminary USGS report on undiscovered oil and gas resources which Secretary Hodel said should not have been released?

Answer: The report is a preliminary administrative document. It has been reviewed internally and has been distributed for external review.

Question: What are the plans for peer review of the USGS study on undiscovered oil and gas resources?

Answer: A review schedule has been prepared by the DOI/USGS and includes the National Academy of Science (NAS) and American Association of State Geologists (AASG) as external reviewers.

Question: When will this peer review be completed so that the USGS will be ready for formal publication of their study?

Answer: The NAS and AASG have been requested by DOI/USGS to complete their reviews by mid-September 1988. The goal is to complete the final report by the end of the year.

Question: I am somewhat confused by the reclassification of your recent study where you eliminate about one-half of the country's gas resources. What made you do this reclassification? Don't you feel your preliminary study will be confusing to the American public?

Answer: "Reclassification" of gas resources in the estimate is only one of several factors involved in reduced USGS gas estimates. To the extent that reclassification of resources by the USGS caused changes in our estimates, that question can be considered in two parts:

Some gas resources considered to be undiscovered in 1981 are seen now, as the result of exploration activity, to be discovered or to be clearly additive to existing fields.

In both the 1980 assessment and in the current assessment, we excluded unconventional gas resources contained in "tight sands," fractured shales, coal bed methane, and other sources. The amounts of unconventional gas estimated to exist are very large in comparison to those in the conventional realm. They are by-and-large already identified although not well understood and their inclusion with undiscovered conventional resources would present a distorted view. These unconventional gas resources are difficult to describe in an attainable or economic context and special technologies for extraction will be required for these resources to have a significant near-term impact on the national energy picture. Wide-scale development of these unconventional resources will depend on the emergence of new technologies or will require significantly greater economic incentive.

SUBCOMMITTEE RECESS

Senator REID. Thank you. The subcommittee will stand in recess subject to the call of the Chair.

[Whereupon, at 11:33 a.m., Thursday, March 31, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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